

Subtitle F—Procedure and Administration

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CHAPTER 61—INFORMATION AND RETURNS

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PART I—RECORDS, STATEMENTS, AND SPECIAL RETURNS

- Sec. 6001. Notice or regulations requiring records, statements, and special returns.

SEC. 6001. NOTICE OR REGULATIONS REQUIRING RECORDS, STATEMENTS, AND SPECIAL RETURNS.

Every person liable for any tax imposed by this title, or for the collection thereof, shall keep such records, render such statements, make such returns, and comply with such rules and regulations as the Secretary or his delegate may from time to time prescribe. Whenever in the judgment of the Secretary or his delegate it is necessary, he may require any person, by notice served upon such person or by regulations, to make such returns, render such statements, or keep such records, as the Secretary or his delegate deems sufficient to show whether or not such person is liable for tax under this title.

PART II—TAX RETURNS OR STATEMENTS

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Subpart A—General Requirement

Sec. 6011. General requirement of return, statement, or list.

SEC. 6011. GENERAL REQUIREMENT OF RETURN, STATEMENT, OR LIST.

(a) **GENERAL RULE.**—When required by regulations prescribed by the Secretary or his delegate any person made liable for any tax imposed by this title, or for the collection thereof, shall make a return or statement according to the forms and regulations prescribed by the Secretary or his delegate. Every person required to make a return or statement shall include therein the information required by such forms or regulations.

(b) **IDENTIFICATION OF TAXPAYER.**—The Secretary or his delegate is authorized to require such information with respect to persons subject to the taxes imposed by chapter 21 or chapter 24 as is necessary or helpful in securing proper identification of such persons.

(c) **INCOME, ESTATE, AND GIFT TAXES.**—

For requirement that returns of income, estate, and gift taxes be made whether or not there is tax liability, see sections 6012 to 6019, inclusive.

Subpart B—Income Tax Returns

- Sec. 6012. Persons required to make returns of income.
- Sec. 6013. Joint returns of income tax by husband and wife.
- Sec. 6014. Income tax return—tax not computed by taxpayer.
- Sec. 6015. Declaration of estimated income tax by individuals.
- Sec. 6016. Declarations of estimated income tax by corporations.
- Sec. 6017. Self-employment tax returns.

SEC. 6012. PERSONS REQUIRED TO MAKE RETURNS OF INCOME.

(a) **GENERAL RULE.**—Returns with respect to income taxes under subtitle A shall be made by the following:

(1) Every individual having for the taxable year a gross income of \$600 or more (except that any individual who has attained the age of 65 before the close of his taxable year shall be required to make a return only if he has for the taxable year a gross income of \$1,200 or more);

(2) Every corporation subject to taxation under subtitle A;

(3) Every estate the gross income of which for the taxable year is \$600 or more;

(4) Every trust having for the taxable year any taxable income, or having gross income of \$600 or over, regardless of the amount of taxable income; and

(5) Every estate or trust of which any beneficiary is a non-resident alien;

except that subject to such conditions, limitations, and exceptions and under such regulations as may be prescribed by the Secretary or his delegate, nonresident alien individuals subject to the tax imposed by section 871 and foreign corporations subject to the tax imposed by

section 881 may be exempted from the requirement of making returns under this section.

(b) RETURNS MADE BY FIDUCIARIES AND RECEIVERS—

(1) RETURNS OF DECEDENTS.—If an individual is deceased, the return of such individual required under subsection (a) shall be made by his executor, administrator, or other person charged with the property of such decedent.

(2) PERSONS UNDER A DISABILITY.—If an individual is unable to make a return required under subsection (a) or section 6015 (a), the return of such individual shall be made by a duly authorized agent, his committee, guardian, fiduciary or other person charged with the care of the person or property of such individual. The preceding sentence shall not apply in the case of a receiver appointed by authority of law in possession of only a part of the property of an individual.

(3) RECEIVERS, TRUSTEES AND ASSIGNEES FOR CORPORATIONS.—

In a case where a receiver, trustee in bankruptcy, or assignee, by order of a court of competent jurisdiction, by operation of law or otherwise, has possession of or holds title to all or substantially all the property or business of a corporation, whether or not such property or business is being operated, such receiver, trustee, or assignee shall make the return of income for such corporation in the same manner and form as corporations are required to make such returns.

(4) RETURNS OF ESTATES AND TRUSTS.—Returns of an estate or a trust shall be made by the fiduciary thereof.

(5) JOINT FIDUCIARIES.—Under such regulations as the Secretary or his delegate may prescribe, a return made by one of two or more joint fiduciaries shall be sufficient compliance with the requirements of this section. A return made pursuant to this paragraph shall contain a statement that the fiduciary has sufficient knowledge of the affairs of the person for whom the return is made to enable him to make the return, and that the return is, to the best of his knowledge and belief, true and correct.

(c) CONSOLIDATED RETURNS.—

For provisions relating to consolidated returns by affiliated corporations, see chapter 6.

SEC. 6013. JOINT RETURNS OF INCOME TAX BY HUSBAND AND WIFE.

(a) JOINT RETURNS.—A husband and wife may make a single return jointly of income taxes under subtitle A, even though one of the spouses has neither gross income nor deductions, except as provided below:

(1) no joint return shall be made if either the husband or wife at any time during the taxable year is a nonresident alien;

(2) no joint return shall be made if the husband and wife have different taxable years; except that if such taxable years begin on the same day and end on different days because of the death of either or both, then the joint return may be made with respect to the taxable year of each. The above exception shall not apply if the surviving spouse remarries before the close of his taxable year, nor if the taxable year of either spouse is a fractional part of a year under section 443 (a) (1);

(3) in the case of death of one spouse or both spouses the joint return with respect to the decedent may be made only by his executor or administrator; except that in the case of the death of one spouse the joint return may be made by the surviving spouse with respect to both himself and the decedent if no return for the taxable year has been made by the decedent, no executor or administrator has been appointed, and no executor or administrator is appointed before the last day prescribed by law for filing the return of the surviving spouse. If an executor or administrator of the decedent is appointed after the making of the joint return by the surviving spouse, the executor or administrator may disaffirm such joint return by making, within 1 year after the last day prescribed by law for filing the return of the surviving spouse, a separate return for the taxable year of the decedent with respect to which the joint return was made, in which case the return made by the survivor shall constitute his separate return.

(b) JOINT RETURN AFTER FILING SEPARATE RETURN.—

(1) IN GENERAL.—Except as provided in paragraph (2), if an individual has filed a separate return for a taxable year for which a joint return could have been made by him and his spouse under subsection (a) and the time prescribed by law for filing the return for such taxable year has expired, such individual and his spouse may nevertheless make a joint return for such taxable year. A joint return filed by the husband and wife under this subsection shall constitute the return of the husband and wife for such taxable year, and all payments, credits, refunds, or other repayments made or allowed with respect to the separate return of either spouse for such taxable year shall be taken into account in determining the extent to which the tax based upon the joint return has been paid. If a joint return is made under this subsection, any election (other than the election to file a separate return) made by either spouse in his separate return for such taxable year with respect to the treatment of any income, deduction, or credit of such spouse shall not be changed in the making of the joint return where such election would have been irrevocable if the joint return had not been made. If a joint return is made under this subsection after the death of either spouse, such return with respect to the decedent can be made only by his executor or administrator.

(2) LIMITATIONS FOR MAKING OF ELECTION.—The election provided for in paragraph (1) may not be made—

(A) unless there is paid in full at or before the time of the filing of the joint return the amount shown as tax upon such joint return; or

(B) after the expiration of 3 years from the last date prescribed by law for filing the return for such taxable year (determined without regard to any extension of time granted to either spouse); or

(C) after there has been mailed to either spouse, with respect to such taxable year, a notice of deficiency under section 6212, if the spouse, as to such notice, files a petition with the Tax Court of the United States within the time prescribed in such section; or

(D) after either spouse has commenced a suit in any court for the recovery of any part of the tax for such taxable year; or

(E) after either spouse has entered into a closing agreement under section 7121 with respect to such taxable year, or after any civil or criminal case arising against either spouse with respect to such taxable year has been compromised under section 7122.

(3) WHEN RETURN DEEMED FILED.—

(A) ASSESSMENT AND COLLECTION.—For purposes of section 6501 (relating to periods of limitations on assessment and collection), and for purposes of section 6651 (relating to delinquent returns), a joint return made under this subsection shall be deemed to have been filed—

(i) Where both spouses filed separate returns prior to making the joint return—on the date the last separate return was filed (but not earlier than the last date prescribed by law for filing the return of either spouse);

(ii) Where only one spouse filed a separate return prior to the making of the joint return, and the other spouse had less than \$600 of gross income (\$1,200 in case such spouse was 65 or over) for such taxable year—on the date of the filing of such separate return (but not earlier than the last date prescribed by law for the filing of such separate return); or

(iii) Where only one spouse filed a separate return prior to the making of the joint return, and the other spouse had gross income of \$600 or more (\$1,200 in case such spouse was 65 or over) for such taxable year—on the date of the filing of such joint return.

(B) CREDIT OR REFUND.—For purposes of section 6511, a joint return made under this subsection shall be deemed to have been filed on the last date prescribed by law for filing the return for such taxable year (determined without regard to any extension of time granted to either spouse).

(4) ADDITIONAL TIME FOR ASSESSMENT.—If a joint return is made under this subsection, the periods of limitations provided in sections 6501 and 6502 on the making of assessments and the beginning of levy or a proceeding in court for collection shall with respect to such return include one year immediately after the date of the filing of such joint return (computed without regard to the provisions of paragraph (3)).

(5) ADDITIONS TO THE TAX AND PENALTIES.—

(A) ADDITIONS TO THE TAX.—Where the amount shown as the tax by the husband and wife on a joint return made under this subsection exceeds the aggregate of the amounts shown as the tax upon the separate return of each spouse—

(i) NEGLIGENCE.—If any part of such excess is attributable to negligence or intentional disregard of rules and regulations (but without intent to defraud) at the time of the making of such separate return, then 5 percent of the total amount of such excess shall be added to the tax;

(ii) FRAUD.—If any part of such excess is attributable to fraud with intent to evade tax at the time of the making of such separate return, then 50 percent of the total amount of such excess shall be added to the tax.

(B) CRIMINAL PENALTY.—For purposes of section 7206 (1) and (2) and section 7207 (relating to criminal penalties in the case of fraudulent returns) the term "return" includes a separate return filed by a spouse with respect to a taxable year for which a joint return is made under this subsection after the filing of such separate return.

(c) TREATMENT OF JOINT RETURN AFTER DEATH OF EITHER SPOUSE.—For purposes of sections 21, 443, and 7851 (a) (1) (A), where the husband and wife have different taxable years because of the death of either spouse, the joint return shall be treated as if the taxable years of both spouses ended on the date of the closing of the surviving spouse's taxable year.

(d) DEFINITIONS.—For purposes of this section—

(1) the status as husband and wife of two individuals having taxable years beginning on the same day shall be determined—

(A) if both have the same taxable year—as of the close of such year; and

(B) if one dies before the close of the taxable year of the other—as of the time of such death; and

(2) an individual who is legally separated from his spouse under a decree of divorce or of separate maintenance shall not be considered as married; and

(3) if a joint return is made, the tax shall be computed on the aggregate income and the liability with respect to the tax shall be joint and several.

SEC. 6014. INCOME TAX RETURN—TAX NOT COMPUTED BY TAXPAYER.

(a) ELECTION BY TAXPAYER.—An individual entitled to elect to pay the tax imposed by section 3 whose gross income is less than \$5,000 and includes no income other than remuneration for services performed by him as an employee, dividends or interest, and whose gross income other than wages, as defined in section 3401 (a), does not exceed \$100, shall at his election not be required to show on the return the tax imposed by section 1. Such election shall be made by using the form prescribed for purposes of this section and shall constitute an election to pay the tax imposed by section 3. In such case the tax shall be computed by the Secretary or his delegate who shall mail to the taxpayer a notice stating the amount determined as payable. In determining the amount payable, the credit against such tax provided for by section 34 or 37 shall not be allowed. In the case of a head of household (as defined in section 1 (b)) or a surviving spouse (as defined in section 2 (b)) electing the benefits of this subsection, the tax shall be computed by the Secretary or his delegate without regard to the taxpayer's status as a head of household or as a surviving spouse.

(b) REGULATIONS.—The Secretary or his delegate shall prescribe regulations for carrying out this section, and such regulations may provide for the application of the rules of this section to cases where the gross income includes items other than those enumerated by subsection (a), to cases where the gross income from sources other than wages on which the tax has been withheld at the source is more than \$100 but not more than \$200, and to cases where the gross income is \$5,000 or more but not more than \$5,200. Such regulations

shall provide for the application of this section in the case of husband and wife, including provisions determining when a joint return under this section may be permitted or required, whether the liability shall be joint and several, and whether one spouse may make return under this section and the other without regard to this section.

SEC. 6015. DECLARATION OF ESTIMATED INCOME TAX BY INDIVIDUALS.

(a) **REQUIREMENT OF DECLARATION.**—Every individual (other than a nonresident alien with respect to whose wages, as defined in section 3401 (a), withholding under chapter 24 is not made applicable, but including every alien individual who is a resident of Puerto Rico during the entire taxable year) shall make a declaration of his estimated tax for the taxable year if—

(1) the gross income for the taxable year can reasonably be expected to consist of wages (as defined in section 3401 (a)) and of not more than \$100 from sources other than such wages, and can reasonably be expected to exceed—

(A) \$5,000, in the case of a single individual other than a head of a household (as defined in section 1 (b) (2)) or a surviving spouse (as defined in section 2 (b)) or in the case of a married individual not entitled to file a joint declaration with his spouse;

(B) \$10,000, in the case of a head of a household (as defined in section 1 (b) (2)) or a surviving spouse (as defined in section 2 (b)); or

(C) \$5,000 in the case of a married individual entitled under subsection (b) to file a joint declaration with his spouse, and the aggregate gross income of such individual and his spouse for the taxable year can reasonably be expected to exceed \$10,000; or

(2) the gross income can reasonably be expected to include more than \$100 from sources other than wages (as defined in section 3401 (a)) and can reasonably be expected to exceed the sum of—

(A) the amount obtained by multiplying \$600 by the number of exemptions to which he is entitled under section 151 plus

(B) \$400.

(b) **JOINT DECLARATION BY HUSBAND AND WIFE.**—In the case of a husband and wife, a single declaration under this section may be made by them jointly, in which case the liability with respect to the estimated tax shall be joint and several. No joint declaration may be made if either the husband or the wife is a nonresident alien, if they are separated under a decree of divorce or of separate maintenance, or if they have different taxable years. If a joint declaration is made but a joint return is not made for the taxable year, the estimated tax for such year may be treated as the estimated tax of either the husband or the wife, or may be divided between them.

(c) **ESTIMATED TAX.**—For purposes of this title, in the case of an individual, the term “estimated tax” means the amount which the individual estimates as the amount of the income tax imposed by chapter 1 for the taxable year, minus the amount which the individual estimates as the sum of any credits against tax provided by part IV of subchapter A of chapter 1.

(d) **CONTENTS OF DECLARATION.**—The declaration shall contain such pertinent information as the Secretary or his delegate may by forms or regulations prescribe.

(e) **AMENDMENT OF DECLARATION.**—An individual may make amendments of a declaration filed during the taxable year under regulations prescribed by the Secretary or his delegate.

(f) **RETURN AS DECLARATION OR AMENDMENT.**—If on or before January 31 (or February 15, in the case of an individual referred to in section 6073 (b), relating to income from farming) of the succeeding taxable year the taxpayer files a return, for the taxable year for which the declaration is required, and pays in full the amount computed on the return as payable, then, under regulations prescribed by the Secretary or his delegate—

(1) if the declaration is not required to be filed during the taxable year, but is required to be filed on or before January 15, such return shall be considered as such declaration; and

(2) if the tax shown on the return (reduced by the sum of the credits against tax provided by part IV of subchapter A of chapter 1) is greater than the estimated tax shown in a declaration previously made, or in the last amendment thereof, such return shall be considered as the amendment of the declaration permitted by subsection (e) to be filed on or before January 15.

(g) **SHORT TAXABLE YEARS.**—An individual with a taxable year of less than 12 months shall make a declaration in accordance with regulations prescribed by the Secretary or his delegate.

(h) **ESTATES AND TRUSTS.**—The provisions of this section shall not apply to an estate or trust.

(i) **APPLICABILITY.**—This section shall be applicable only with respect to taxable years beginning after December 31, 1954; and sections 58, 59, and 60 of the Internal Revenue Code of 1939 shall continue in force with respect to taxable years beginning before January 1, 1955.

SEC. 6016. DECLARATIONS OF ESTIMATED INCOME TAX BY CORPORATIONS.

(a) **REQUIREMENT OF DECLARATION.**—Every corporation subject to taxation under section 11 or 1201 (a), or subchapter L of chapter 1 (relating to insurance companies), shall make a declaration of estimated tax under chapter 1 for the taxable year if its income tax imposed by section 11 or 1201 (a), or such subchapter L, for such taxable year, reduced by the credits against tax provided by part IV of subchapter A of chapter 1, can reasonably be expected to exceed \$100,000.

(b) **ESTIMATED TAX.**—For purposes of this title, in the case of a corporation, the term "estimated tax" means the excess of—

(1) the amount which the corporation estimates as the amount of the income tax imposed by section 11 or 1201 (a), or subchapter L of chapter 1, whichever is applicable, over

(2) the sum of—

(A) \$100,000, and

(B) the amount which the corporation estimates as the sum of any credits against tax provided by part IV of subchapter A of chapter 1.

(c) **CONTENTS OF DECLARATION.**—The declaration shall contain such pertinent information as the Secretary or his delegate may by forms or regulations prescribe.

(d) **AMENDMENT OF DECLARATION.**—A corporation may make amendments of a declaration filed during the taxable year under regulations prescribed by the Secretary or his delegate.

(e) **SHORT TAXABLE YEAR.**—A corporation with a taxable year of less than 12 months shall make a declaration in accordance with regulations prescribed by the Secretary or his delegate.

(f) **APPLICABILITY.**—This section shall apply only with respect to taxable years ending on or after December 31, 1955.

SEC. 6017. SELF-EMPLOYMENT TAX RETURNS.

Every individual (other than a nonresident alien individual) having net earnings from self-employment of \$400 or more for the taxable year shall make a return with respect to the self-employment tax imposed by chapter 2. In the case of a husband and wife filing a joint return under section 6013, the tax imposed by chapter 2 shall not be computed on the aggregate income but shall be the sum of the taxes computed under such chapter on the separate self-employment income of each spouse.

Subpart C—Estate and Gift Tax Returns

Sec. 6018. Estate tax returns.

Sec. 6019. Gift tax returns.

SEC. 6018. ESTATE TAX RETURNS.

(a) RETURNS BY EXECUTOR.—

(1) **CITIZENS OR RESIDENTS.**—In all cases where the gross estate at the death of a citizen or resident exceeds \$60,000, the executor shall make a return with respect to the estate tax imposed by subtitle B.

(2) **NONRESIDENTS NOT CITIZENS OF THE UNITED STATES.**—In the case of the estate of every nonresident not a citizen of the United States if that part of the gross estate which is situated in the United States exceeds \$2,000, the executor shall make a return with respect to the estate tax imposed by subtitle B.

(b) **RETURNS BY BENEFICIARIES.**—If the executor is unable to make a complete return as to any part of the gross estate of the decedent, he shall include in his return a description of such part and the name of every person holding a legal or beneficial interest therein. Upon notice from the Secretary or his delegate such person shall in like manner make a return as to such part of the gross estate.

SEC. 6019. GIFT TAX RETURNS.

(a) **IN GENERAL.**—Any individual who in any calendar year makes any transfers by gift (except those which under section 2503 (b) are not to be included in the total amount of gifts for such year) shall make a return with respect to the gift tax imposed by subtitle B.

(b) TENANCY BY THE ENTIRETY.—

For provisions relating to requirement of return in the case of election as to the treatment of gift by creation of tenancy by the entirety, see section 2515 (c).

Subpart D—Miscellaneous Provisions

Sec. 6020. Returns prepared for or executed by Secretary.

Sec. 6021. Listing by Secretary of taxable objects owned by non-residents of internal revenue districts.

SEC. 6020. RETURNS PREPARED FOR OR EXECUTED BY SECRETARY.

(a) **PREPARATION OF RETURN BY SECRETARY.**—If any person shall fail to make a return required by this title or by regulations prescribed thereunder, but shall consent to disclose all information necessary for the preparation thereof, then, and in that case, the Secretary or his delegate may prepare such return, which, being signed by such person, may be received by the Secretary or his delegate as the return of such person.

(b) **EXECUTION OF RETURN BY SECRETARY.**—

(1) **AUTHORITY OF SECRETARY TO EXECUTE RETURN.**—If any person fails to make any return (other than a declaration of estimated tax required under section 6015 or 6016) required by any internal revenue law or regulation made thereunder at the time prescribed therefor, or makes, willfully or otherwise, a false or fraudulent return, the Secretary or his delegate shall make such return from his own knowledge and from such information as he can obtain through testimony or otherwise.

(2) **STATUS OF RETURNS.**—Any return so made and subscribed by the Secretary or his delegate shall be prima facie good and sufficient for all legal purposes.

SEC. 6021. LISTING BY SECRETARY OF TAXABLE OBJECTS OWNED BY NONRESIDENTS OF INTERNAL REVENUE DISTRICTS.

Whenever there are in any internal revenue district any articles subject to tax, which are not owned or possessed by or under the care or control of any person within such district, and of which no list has been transmitted to the Secretary or his delegate, as required by law or by regulations prescribed pursuant to law, the Secretary or his delegate shall enter the premises where such articles are situated, shall make such inspection of the articles as may be necessary and make lists of the same, according to the forms prescribed. Such lists, being subscribed by the Secretary or his delegate, shall be sufficient lists of such articles for all purposes.

PART III—INFORMATION RETURNS

Subpart A. Information concerning persons subject to special provisions.

Subpart B. Information concerning transactions with other persons.

Subpart C. Information regarding wages paid employees.

Subpart A—Information Concerning Persons Subject to Special Provisions

Sec. 6031. Return of partnership income.

Sec. 6032. Returns of banks with respect to common trust funds.

Sec. 6033. Returns by exempt organizations.

Sec. 6034. Returns by trusts claiming charitable deductions under section 642 (c).

Sec. 6035. Returns of officers, directors, and shareholders of foreign personal holding companies.

Sec. 6036. Notice of qualification as executor or receiver.

Sec. 6037. Cross references.

SEC. 6031. RETURN OF PARTNERSHIP INCOME.

Every partnership (as defined in section 761 (a)) shall make a return for each taxable year, stating specifically the items of its gross income and the deductions allowable by subtitle A, and such other information for the purpose of carrying out the provisions of subtitle A as the Secretary or his delegate may by forms and regulations prescribe, and shall include in the return the names and addresses of the individuals who would be entitled to share in the taxable income if distributed and the amount of the distributive share of each individual.

SEC. 6032. RETURNS OF BANKS WITH RESPECT TO COMMON TRUST FUNDS.

Every bank (as defined in section 581) maintaining a common trust fund shall make a return for each taxable year, stating specifically, with respect to such fund, the items of gross income and the deductions allowed by subtitle A, and shall include in the return the names and addresses of the participants who would be entitled to share in the taxable income if distributed and the amount of the proportionate share of each participant. The return shall be executed in the same manner as a return made by a corporation pursuant to the requirements of sections 6012 and 6062.

SEC. 6033. RETURNS BY EXEMPT ORGANIZATIONS.

(a) GENERAL.—Every organization, except as hereinafter provided, exempt from taxation under section 501 (a) shall file an annual return, stating specifically the items of gross income, receipts, and disbursements, and such other information for the purpose of carrying out the provisions of subtitle A as the Secretary or his delegate may by forms or regulations prescribe, and shall keep such records, render under oath such statements, make such other returns, and comply with such rules and regulations, as the Secretary or his delegate may from time to time prescribe, except that, in the discretion of the Secretary or his delegate, an organization described in section 401 (a) may be relieved from stating in its return any information which is reported in returns filed by the employer which established such organization. No such annual return need be filed under this subsection by any organization exempt from taxation under the provisions of section 501 (a)—

(1) which is a religious organization described in section 501 (c) (3); or

(2) which is an educational organization described in section 501 (c) (3), if such organization normally maintains a regular faculty and curriculum and normally has a regularly organized body of pupils or students in attendance at the place where its educational activities are regularly carried on; or

(3) which is a charitable organization, or an organization for the prevention of cruelty to children or animals, described in section 501 (c) (3), if such organization is supported, in whole or in part, by funds contributed by the United States or any State or political subdivision thereof, or is primarily supported by contributions of the general public; or

(4) which is an organization described in section 501 (c) (3), if such organization is operated, supervised, or controlled by or in connection with a religious organization described in paragraph (1); or

(5) which is an organization described in section 501 (c) (8); or

(6) which is an organization described in section 501 (c) (1), if such organization is a corporation wholly owned by the United States or any agency or instrumentality thereof, or a wholly-owned subsidiary of such a corporation.

(b) CERTAIN ORGANIZATIONS DESCRIBED IN SECTION 501 (c) (3).—Every organization described in section 501 (c) (3) which is subject to the requirements of subsection (a) shall furnish annually information, at such time and in such manner as the Secretary or his delegate may by forms or regulations prescribe, setting forth—

(1) its gross income for the year,

(2) its expenses attributable to such income and incurred within the year,

(3) its disbursements out of income within the year for the purposes for which it is exempt,

(4) its accumulation of income within the year,

(5) its aggregate accumulations of income at the beginning of the year,

(6) its disbursements out of principal in the current and prior years for the purposes for which it is exempt, and

(7) a balance sheet showing its assets, liabilities, and net worth as of the beginning of such year.

(c) CROSS REFERENCE.—

For provisions relating to statements, etc., regarding exempt status of organizations, see section 6001.

SEC. 6034. RETURNS BY TRUSTS CLAIMING CHARITABLE DEDUCTIONS UNDER SECTION 642 (c).

(a) GENERAL RULE.—Every trust claiming a charitable, etc., deduction under section 642 (c) for the taxable year shall furnish such information with respect to such taxable year as the Secretary or his delegate may by forms or regulations prescribe, setting forth—

(1) the amount of the charitable, etc., deduction taken under section 642 (c) within such year (showing separately the amount of such deduction which was paid out and the amount which was permanently set aside for charitable, etc., purposes during such year),

(2) the amount paid out within such year which represents amounts for which charitable, etc., deductions under section 642 (c) have been taken in prior years,

(3) the amount for which charitable, etc., deductions have been taken in prior years but which has not been paid out at the beginning of such year,

(4) the amount paid out of principal in the current and prior years for charitable, etc., purposes,

(5) the total income of the trust within such year and the expenses attributable thereto, and

(6) a balance sheet showing the assets, liabilities, and net worth of the trust as of the beginning of such year.

(b) EXCEPTION.—This section shall not apply in the case of a taxable year if all the net income for such year, determined under the applicable principles of the law of trusts, is required to be distributed currently to the beneficiaries.

SEC. 6035. RETURNS OF OFFICERS, DIRECTORS, AND SHAREHOLDERS OF FOREIGN PERSONAL HOLDING COMPANIES.

(a) OFFICERS AND DIRECTORS.—

(1) MONTHLY RETURNS.—On the 15th day of each month each individual who on such day is an officer or a director of a foreign corporation which, with respect to its taxable year preceding the taxable year in which such month occurs, was a foreign personal holding company (as defined in section 552), shall make a return setting forth with respect to the preceding calendar month the name and address of each shareholder, the class and number of shares held by each, together with any changes in stockholdings during such period, the name and address of any holder of securities convertible into stock of such corporation, and such other information with respect to the stock and securities of the corporation as the Secretary or his delegate shall by forms or regulations prescribe as necessary for carrying out the provisions of this title. The Secretary or his delegate may by regulations prescribe, as the period with respect to which returns shall be made, a longer period than a month. In such case the return shall be due on the 15th day of the succeeding period, and shall be made by the individuals who on such day are officers or directors of the corporation.

(2) ANNUAL RETURNS.—On the 60th day after the close of the taxable year of a foreign personal holding company (as defined in section 552), each individual who on such 60th day is an officer or director of the corporation shall make a return setting forth—

(A) in complete detail the gross income, deductions and credits, taxable income, and undistributed foreign personal holding company income of such foreign personal holding company for such taxable year; and

(B) the same information with respect to such taxable year as is required in paragraph (1), except that if all the required returns with respect to such year have been filed under paragraph (1), no information under this subparagraph need be set forth in the return filed under this paragraph.

(b) SHAREHOLDERS.—

(1) MONTHLY RETURNS.—On the 15th day of each month each United States shareholder, by or for whom 50 percent or more in

value of the outstanding stock of a foreign corporation is owned directly or indirectly (including, in the case of an individual, stock owned by the members of his family as defined in section 544 (a) (2)), if such foreign corporation with respect to its taxable year preceding the taxable year in which such month occurs was a foreign personal holding company (as defined in section 552), shall make a return setting forth with respect to the preceding calendar month the name and address of each shareholder, the class and number of shares held by each, together with any changes in stockholdings during such period, the name and address of any holder of securities convertible into stock of such corporation, and such other information with respect to the stock and securities of the corporation as the Secretary or his delegate shall by forms or regulations prescribe as necessary for carrying out the provisions of this title. The Secretary or his delegate may by regulations prescribe, as the period with respect to which returns shall be made, a longer period than a month. In such case the return shall be due on the 15th day of the succeeding period, and shall be made by the persons who on such day are United States shareholders.

(2) ANNUAL RETURNS.—On the 60th day after the close of the taxable year of a foreign personal holding company (as defined in section 552) each United States shareholder by or for whom on such 60th day 50 percent or more in value of the outstanding stock of such company is owned directly or indirectly (including, in the case of an individual, stock owned by members of his family as defined in section 544 (a) (2)) shall make a return setting forth the same information with respect to such taxable year as is required in paragraph (1), except that, if all the required returns with respect to such year have been made under paragraph (1), no return shall be required under this paragraph.

SEC. 6036. NOTICE OF QUALIFICATION AS EXECUTOR OR RECEIVER.

Every receiver, trustee in bankruptcy, assignee for benefit of creditors, or other like fiduciary, and every executor (as defined in section 2203), shall give notice of his qualification as such to the Secretary or his delegate in such manner and at such time as may be required by regulations of the Secretary or his delegate. The Secretary or his delegate may by regulation provide such exemptions from the requirements of this section as the Secretary or his delegate deems proper.

SEC. 6037. CROSS REFERENCES.

(1) For the notice required of persons acting in a fiduciary capacity for taxpayers or for transferees, see sections 6212, 6901 (g), and 6903.

(2) For application by executor for determination of tax and discharge from personal liability therefor, see section 2204.

(3) For the notice required of taxpayers for redetermination of taxes claimed as credits, see sections 905 (c) and 2016.

(4) For exemption certificates required to be furnished to employers by employees, see section 3402 (f) (2), (3), (4), and (5).

(5) For receipts, constituting information returns, required to be furnished to employees, see section 6051.

(6) For the requirement to print the price of an admission on a ticket, see section 4234.

(7) For information required with respect to the redemption of stamps, see section 6805.

(8) For the statement required to be filed by a corporation expecting a net operating loss carryback or unused excess profits credit carryback, see section 6164.

(9) For the application, which a taxpayer may file for a tentative carryback adjustment of income taxes, see section 6411.

Subpart B—Information Concerning Transactions With Other Persons

Sec. 6041. Information at source.

Sec. 6042. Returns regarding corporate dividends, earnings, and profits.

Sec. 6043. Return regarding corporate dissolution or liquidation.

Sec. 6044. Returns regarding patronage dividends.

Sec. 6045. Returns of brokers.

Sec. 6046. Returns as to formation or reorganization of foreign corporations.

SEC. 6041. INFORMATION AT SOURCE.

(a) **PAYMENTS OF \$600 OR MORE.**—All persons engaged in a trade or business and making payment in the course of such trade or business to another person, of rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable gains, profits, and income (other than payments described in section 6042 (1) or section 6045), of \$600 or more in any taxable year, or, in the case of such payments made by the United States, the officers or employees of the United States having information as to such payments and required to make returns in regard thereto by the regulations hereinafter provided for, shall render a true and accurate return to the Secretary or his delegate, under such regulations and in such form and manner and to such extent as may be prescribed by the Secretary or his delegate, setting forth the amount of such gains, profits, and income, and the name and address of the recipient of such payment.

(b) **COLLECTION OF FOREIGN ITEMS.**—In the case of collections of items (not payable in the United States) of interest upon the bonds of foreign countries and interest upon the bonds of and dividends from foreign corporations by any person undertaking as a matter of business or for profit the collection of foreign payments of such interest or dividends by means of coupons, checks, or bills of exchange, such person shall make a return according to the forms or regulations prescribed by the Secretary or his delegate, setting forth the amount paid and the name and address of the recipient of each such payment.

(c) **PAYMENTS OF INTEREST BY CORPORATIONS.**—Every corporation making payments of interest, regardless of amounts, shall, when required by regulations of the Secretary or his delegate, make a return according to the forms or regulations prescribed by the Secretary or his delegate, setting forth the amount paid and the name and address of the recipient of each such payment.

(d) **RECIPIENT TO FURNISH NAME AND ADDRESS.**—When necessary to make effective the provisions of this section, the name and address of the recipient of income shall be furnished upon demand of the person paying the income.

SEC. 6042. RETURNS REGARDING CORPORATE DIVIDENDS, EARNINGS, AND PROFITS.

Every corporation shall, when required by the Secretary or his delegate—

(1) Make a return of its payments of dividends, stating the name and address of, the number of shares owned by, and the amount of dividends paid to, each shareholder;

(2) Furnish to the Secretary or his delegate a statement of such facts as will enable him to determine the portion of the earnings or profits of the corporation (including gains, profits, and income not taxed) accumulated during such periods as the Secretary or his delegate may specify, which have been distributed or ordered to be distributed, respectively, to its shareholders during such taxable years as the Secretary or his delegate may specify; and

(3) Furnish to the Secretary or his delegate a statement of its accumulated earnings and profits and the names and addresses of the individuals or shareholders who would be entitled to such accumulated earnings and profits if divided or distributed, and of the amounts that would be payable to each.

SEC. 6043. RETURN REGARDING CORPORATE DISSOLUTION OR LIQUIDATION.

Every corporation shall—

(1) Within 30 days after the adoption by the corporation of a resolution or plan for the dissolution of the corporation or for the liquidation of the whole or any part of its capital stock, make a return setting forth the terms of such resolution or plan and such other information as the Secretary or his delegate shall by forms or regulations prescribe; and

(2) When required by the Secretary or his delegate, make a return regarding its distributions in liquidation, stating the name and address of, the number and class of shares owned by, and the amount paid to, each shareholder, or, if the distribution is in property other than money, the fair market value (as of the date the distribution is made) of the property distributed to each shareholder.

SEC. 6044. RETURNS REGARDING PATRONAGE DIVIDENDS.

(a) **PAYMENTS OF \$100 OR MORE.**—Any corporation allocating amounts as patronage dividends, rebates, or refunds (whether in cash, merchandise, capital stock, revolving fund certificates, retain certificates, certificates of indebtedness, letters of advice, or in some other manner that discloses to each patron the amount of such dividend, refund, or rebate) shall make a return showing—

(1) The name and address of each patron to whom it has made such allocations amounting to \$100 or more during the calendar year; and

(2) The amount of such allocations to each patron.

(b) **PAYMENTS REGARDLESS OF AMOUNT.**—If required by the Secretary or his delegate, any such corporation shall make a return of all patronage dividends, rebates, or refunds made during the calendar year to its patrons.

(c) **EXCEPTIONS.**—This section shall not apply in the case of any corporation (including any cooperative or nonprofit corporation engaged in rural electrification) described in section 501 (c) (12) or (15)

which is exempt from tax under section 501 (a), or in the case of any corporation subject to a tax imposed by subchapter L of chapter 1.

SEC. 6045. RETURNS OF BROKERS.

Every person doing business as a broker shall, when required by the Secretary or his delegate, make a return, in accordance with such regulations as the Secretary or his delegate may prescribe, showing the names of customers for whom such person has transacted any business, with such details regarding the profits and losses and such other information as the Secretary or his delegate may by forms or regulations require with respect to each customer as will enable the Secretary or his delegate to determine the amount of such profits or losses.

SEC. 6046. RETURNS AS TO FORMATION OR REORGANIZATION OF FOREIGN CORPORATIONS.

(a) REQUIREMENT.—Every attorney, accountant, fiduciary, bank, trust company, financial institution, or other person, who aids, assists, counsels, or advises in, or with respect to, the formation, organization, or reorganization of any foreign corporation, shall, within 30 days thereafter, make a return in accordance with regulations prescribed by the Secretary or his delegate.

(b) FORM AND CONTENTS OF RETURN.—Such return shall be in such form, and shall set forth, in respect of each such corporation, to the full extent of the information within the possession or knowledge or under the control of the person required to make the return, such information as the Secretary or his delegate prescribes by forms or regulations as necessary for carrying out the provisions of the income tax laws.

(c) PRIVILEGED COMMUNICATIONS.—Nothing in this section shall be construed to require the making of a return by an attorney-at-law with respect to any advice given or information obtained through the relationship of attorney and client.

(d) CROSS REFERENCE.—

For provisions relating to penalties for violations of this section, see section 7203.

Subpart C—Information Regarding Wages Paid Employees

Sec. 6051. Receipts for employees.

SEC. 6051. RECEIPTS FOR EMPLOYEES.

(a) REQUIREMENT.—Every person required to deduct and withhold from an employee a tax under section 3101 or 3402, or who would have been required to deduct and withhold a tax under section 3402 if the employee had claimed no more than one withholding exemption, shall furnish to each such employee in respect of the remuneration paid by such person to such employee during the calendar year, on or before January 31 of the succeeding year, or, if his employment is terminated before the close of such calendar year, on the day on which the last payment of remuneration is made, a written statement showing the following:

(1) the name of such person,

(2) the name of the employee (and his social security account number if wages as defined in section 3121 (a) have been paid),

- (3) the total amount of wages as defined in section 3401 (a),
- (4) the total amount deducted and withheld as tax under section 3402,
- (5) the total amount of wages as defined in section 3121 (a), and
- (6) the total amount deducted and withheld as tax under section 3101.

(b) **SPECIAL RULE AS TO COMPENSATION OF MEMBERS OF ARMED FORCES.**—In the case of compensation paid for service as a member of the Armed Forces, the statement shall show, as wages paid during the calendar year, the amount of such compensation paid during the calendar year which is not excluded from gross income under chapter 1 (whether or not such compensation constituted wages as defined in section 3401 (a)); such statement to be furnished if any tax was withheld during the calendar year or if any of the compensation paid is includible under chapter 1 in gross income.

(c) **ADDITIONAL REQUIREMENTS.**—The statements required to be furnished pursuant to this section in respect of any remuneration shall be furnished at such other times, shall contain such other information, and shall be in such form as the Secretary or his delegate may by regulations prescribe.

(d) **STATEMENTS TO CONSTITUTE INFORMATION RETURNS.**—A duplicate of any statement made pursuant to this section and in accordance with regulations prescribed by the Secretary or his delegate shall, when required by such regulations, be filed with the Secretary or his delegate.

PART IV—SIGNING AND VERIFYING OF RETURNS AND OTHER DOCUMENTS

Sec. 6061. Signing of returns and other documents.

Sec. 6062. Signing of corporation returns.

Sec. 6063. Signing of partnership returns.

Sec. 6064. Signature presumed authentic.

Sec. 6065. Verification of returns.

SEC. 6061. SIGNING OF RETURNS AND OTHER DOCUMENTS.

Except as otherwise provided by sections 6062 and 6063, any return, statement, or other document required to be made under any provision of the internal revenue laws or regulations shall be signed in accordance with forms or regulations prescribed by the Secretary or his delegate.

SEC. 6062. SIGNING OF CORPORATION RETURNS.

The return of a corporation with respect to income shall be signed by the president, vice-president, treasurer, assistant treasurer, chief accounting officer or any other officer duly authorized so to act. In the case of a return made for a corporation by a fiduciary pursuant to the provisions of section 6012 (b) (3), such fiduciary shall sign the return. The fact that an individual's name is signed on the return shall be prima facie evidence that such individual is authorized to sign the return on behalf of the corporation.

SEC. 6063. SIGNING OF PARTNERSHIP RETURNS.

The return of a partnership made under section 6031 shall be signed by any one of the partners. The fact that a partner's name is

signed on the return shall be prima facie evidence that such partner is authorized to sign the return on behalf of the partnership.

SEC. 6064. SIGNATURE PRESUMED AUTHENTIC.

The fact that an individual's name is signed to a return, statement, or other document shall be prima facie evidence for all purposes that the return, statement, or other document was actually signed by him.

SEC. 6065. VERIFICATION OF RETURNS.

(a) **PENALTIES OF PERJURY.**—Except as otherwise provided by the Secretary or his delegate, any return, declaration, statement, or other document required to be made under any provision of the internal revenue laws or regulations shall contain or be verified by a written declaration that it is made under the penalties of perjury.

(b) **OATH.**—The Secretary or his delegate may by regulations require that any return, statement, or other document required to be made under any provision of the internal revenue laws or regulations shall be verified by an oath. This subsection shall not apply to returns and declarations with respect to income taxes made by individuals.

PART V—TIME FOR FILING RETURNS AND OTHER DOCUMENTS

Sec. 6071. Time for filing returns and other documents.

Sec. 6072. Time for filing income tax returns.

Sec. 6073. Time for filing declarations of estimated income tax by individuals.

Sec. 6074. Time for filing declarations of estimated income tax by corporations.

Sec. 6075. Time for filing estate and gift tax returns.

SEC. 6071. TIME FOR FILING RETURNS AND OTHER DOCUMENTS.

(a) **GENERAL RULE.**—When not otherwise provided for by this title, the Secretary or his delegate shall by regulations prescribe the time for filing any return, statement, or other document required by this title or by regulations.

(b) **SPECIAL TAXES.**—

For payment of special taxes before engaging in certain trades and businesses, see section 4901.

SEC. 6072. TIME FOR FILING INCOME TAX RETURNS.

(a) **GENERAL RULE.**—In the case of returns under section 6012, 6013, 6017, or 6031 (relating to income tax under subtitle A), returns made on the basis of the calendar year shall be filed on or before the 15th day of April following the close of the calendar year and returns made on the basis of a fiscal year shall be filed on or before the 15th day of the fourth month following the close of the fiscal year, except as otherwise provided in the following subsections of this section.

(b) **RETURNS OF CORPORATIONS.**—Returns of corporations under section 6012 made on the basis of the calendar year shall be filed on or before the 15th day of March following the close of the calendar year, and such returns made on the basis of a fiscal year shall be filed on or before the 15th day of the third month following the close of the fiscal year.

(c) **RETURNS BY CERTAIN NONRESIDENT ALIEN INDIVIDUALS AND FOREIGN CORPORATIONS.**—Returns made by nonresident alien in-

dividuals (other than those whose wages are subject to withholding under chapter 24) and foreign corporations (other than those having an office or place of business in the United States) under section 6012 on the basis of a calendar year shall be filed on or before the 15th day of June following the close of the calendar year and such returns made on the basis of a fiscal year shall be filed on or before the 15th day of the 6th month following the close of the fiscal year.

(d) **RETURNS OF EXEMPT COOPERATIVE ASSOCIATIONS.**—In the case of income tax returns of exempt cooperative associations taxable under the provisions of section 522, returns made on the basis of a calendar year shall be filed on or before the 15th day of September following the close of the calendar year and returns made on the basis of a fiscal year shall be filed on or before the 15th day of the 9th month following the close of the fiscal year.

(e) **INCOME TAX DUE DATES POSTPONED IN CASE OF CHINA TRADE ACT CORPORATIONS.**—In the case of any taxable year beginning after December 31, 1948, and ending before October 1, 1956, no Federal income tax return of any corporation organized under the China Trade Act, 1922 (42 Stat. 849, U. S. C., title 15, chapter 4), as amended, shall become due until December 31, 1956, but only with respect to any such corporation and any such taxable year which the Secretary or his delegate may determine reasonable under the circumstances in China pursuant to such regulations as may be prescribed. Such due date shall be subject to the power of the Secretary or his delegate to extend the time for filing such return, as in other cases.

SEC. 6073. TIME FOR FILING DECLARATIONS OF ESTIMATED INCOME TAX BY INDIVIDUALS.

(a) **INDIVIDUALS OTHER THAN FARMERS.**—Declarations of estimated tax required by section 6015 from individuals not regarded as farmers for the purpose of that section shall be filed on or before April 15 of the taxable year, except that if the requirements of section 6015 are first met—

(1) After April 1 and before June 2 of the taxable year, the declaration shall be filed on or before June 15 of the taxable year, or

(2) After June 1 and before September 2 of the taxable year, the declaration shall be filed on or before September 15 of the taxable year, or

(3) After September 1 of the taxable year, the declaration shall be filed on or before January 15 of the succeeding taxable year.

(b) **FARMERS.**—Declarations of estimated tax required by section 6015 from individuals whose estimated gross income from farming (including oyster farming) for the taxable year is at least two-thirds of the total estimated gross income from all sources for the taxable year may, in lieu of the time prescribed in subsection (a), be filed at any time on or before January 15 of the succeeding taxable year.

(c) **AMENDMENT.**—An amendment of a declaration may be filed in any interval between installment dates prescribed for that taxable year, but only one amendment may be filed in each such interval.

(d) **SHORT TAXABLE YEARS.**—The application of this section to taxable years of less than 12 months shall be in accordance with regulations prescribed by the Secretary or his delegate.

(e) **FISCAL YEARS.**—In the application of this section to the case of a taxable year beginning on any date other than January 1, there shall be substituted, for the months specified in this section, the months which correspond thereto.

SEC. 6074. TIME FOR FILING DECLARATIONS OF ESTIMATED INCOME TAX BY CORPORATIONS.

(a) **GENERAL RULE.**—The declaration of estimated tax required of corporations by section 6016 shall be filed on or before the 15th day of the 9th month of the taxable year, except that if the requirements of section 6016 are first met after the last day of the 8th month and before the 1st day of the 12th month of the taxable year, the declaration shall be filed on or before the 15th day of the 12th month of the taxable year.

(b) **AMENDMENT.**—If a declaration is filed before the 15th day of the 12th month of the taxable year, an amendment of such declaration may be filed on or before such day.

(c) **SHORT TAXABLE YEAR.**—The application of this section to taxable years of less than 12 months shall be in accordance with regulations prescribed by the Secretary or his delegate.

SEC. 6075. TIME FOR FILING ESTATE AND GIFT TAX RETURNS.

(a) **ESTATE TAX RETURNS.**—Returns made under section 6018 (a) (relating to estate taxes) shall be filed within 15 months after the date of the decedent's death.

(b) **GIFT TAX RETURNS.**—Returns made under section 6019 (relating to gift taxes) shall be filed on or before the 15th day of April following the close of the calendar year.

PART VI—EXTENSION OF TIME FOR FILING RETURNS

Sec. 6081. Extension of time for filing returns.

SEC. 6081. EXTENSION OF TIME FOR FILING RETURNS.

(a) **GENERAL RULE.**—The Secretary or his delegate may grant a reasonable extension of time for filing any return, declaration, statement, or other document required by this title or by regulations. Except in the case of taxpayers who are abroad, no such extension shall be for more than 6 months.

(b) **AUTOMATIC EXTENSION FOR CORPORATION INCOME TAX RETURNS.**—An extension of 3 months for the filing of the return of income taxes imposed by subtitle A shall be allowed any corporation if, in such manner and at such time as the Secretary or his delegate may by regulations prescribe, there is filed on behalf of such corporation the form prescribed by the Secretary or his delegate, and if such corporation pays, on or before the date prescribed for payment of the tax, the amount properly estimated as its tax or the first installment thereof required under section 6152; but this extension may be terminated at any time by the Secretary or his delegate by mailing to the taxpayer notice of such termination at least 10 days prior to the date for termination fixed in such notice.

(c) **POSTPONEMENT BY REASON OF WAR.**—

For time for performing certain acts postponed by reason of war, see section 7508.

PART VII—PLACE FOR FILING RETURNS OR OTHER DOCUMENTS

Sec. 6091. Place for filing returns or other documents.

SEC. 6091. PLACE FOR FILING RETURNS OR OTHER DOCUMENTS.

(a) **GENERAL RULE.**—When not otherwise provided for by this title, the Secretary or his delegate shall by regulations prescribe the place for the filing of any return, declaration, statement, or other document, or copies thereof, required by this title or by regulations.

(b) **TAX RETURNS.**—In the case of returns of tax required under authority of part II of this subchapter—

(1) **INDIVIDUALS.**—Returns (other than corporation returns) shall be made to the Secretary or his delegate in the internal revenue district in which is located the legal residence or principal place of business of the person making the return, or, if he has no legal residence or principal place of business in any internal revenue district, then at such place as the Secretary or his delegate may by regulations prescribe.

(2) **CORPORATIONS.**—Returns of corporations shall be made to the Secretary or his delegate in the internal revenue district in which is located the principal place of business or principal office or agency of the corporation, or, if it has no principal place of business or principal office or agency in any internal revenue district, then at such place as the Secretary or his delegate may by regulations prescribe.

(3) **ESTATE TAX RETURNS.**—Returns of estate tax required under section 6018 shall be made to the Secretary or his delegate in the internal revenue district in which was the domicile of the decedent at the time of his death or, if there was no such domicile in an internal revenue district, then at such place as the Secretary or his delegate may by regulations prescribe.

(4) **EXCEPTIONAL CASES.**—Notwithstanding paragraph (1), (2), or (3) of this subsection, the Secretary or his delegate may permit a return to be filed in any internal revenue district, and may require the return of any officer or employee of the Treasury Department to be filed in any internal revenue district selected by the Secretary or his delegate.

Subchapter B—Miscellaneous Provisions

- Sec. 6101. Period covered by returns or other documents.
- Sec. 6102. Computations on returns or other documents.
- Sec. 6103. Publicity of returns and lists of taxpayers.
- Sec. 6104. Publicity of information required from certain exempt organizations and certain trusts.
- Sec. 6105. Compilation of relief from excess profits tax cases.
- Sec. 6106. Publicity of unemployment tax returns.
- Sec. 6107. List of special taxpayers for public inspection.
- Sec. 6108. Publication of statistics of income.
- Sec. 6109. Cross references.

SEC. 6101. PERIOD COVERED BY RETURNS OR OTHER DOCUMENTS.

When not otherwise provided for by this title, the Secretary or his delegate may by regulations prescribe the period for which, or the date as of which, any return, statement, or other document required by this title or by regulations, shall be made.

SEC. 6102. COMPUTATIONS ON RETURNS OR OTHER DOCUMENTS.

(a) AMOUNTS SHOWN ON INTERNAL REVENUE FORMS.—The Secretary or his delegate is authorized to provide with respect to any amount required to be shown on a form prescribed for any internal revenue return, statement, or other document, that if such amount of such item is other than a whole-dollar amount, either—

(1) the fractional part of a dollar shall be disregarded; or

(2) the fractional part of a dollar shall be disregarded unless it amounts to one-half dollar or more, in which case the amount (determined without regard to the fractional part of a dollar) shall be increased by \$1.

(b) ELECTION NOT TO USE WHOLE DOLLAR AMOUNTS.—Any person making a return, statement, or other document shall be allowed, under regulations prescribed by the Secretary or his delegate, to make such return, statement, or other document without regard to subsection (a).

(c) INAPPLICABILITY TO COMPUTATION OF AMOUNT.—The provisions of subsections (a) and (b) shall not be applicable to items which must be taken into account in making the computations necessary to determine the amount required to be shown on a form, but shall be applicable only to such final amount.

SEC. 6103. PUBLICITY OF RETURNS AND LISTS OF TAXPAYERS.

(a) PUBLIC RECORD AND INSPECTION.—

(1) Returns made with respect to taxes imposed by chapters 1, 2, 3, and 6 upon which the tax has been determined by the Secretary or his delegate shall constitute public records; but, except as hereinafter provided in this section, they shall be open to inspection only upon order of the President and under rules and regulations prescribed by the Secretary or his delegate and approved by the President.

(2) All returns made with respect to the taxes imposed by chapters 1, 2, 3, 5, 6, 11, 12, and 32, subchapters B, C, and D of

chapter 33, and subchapter B of chapter 37, shall constitute public records and shall be open to public examination and inspection to such extent as shall be authorized in rules and regulations promulgated by the President.

(3) Whenever a return is open to the inspection of any person, a certified copy thereof shall, upon request, be furnished to such person under rules and regulations prescribed by the Secretary or his delegate. The Secretary or his delegate may prescribe a reasonable fee for furnishing such copy.

(b) INSPECTION BY STATES.—

(1) STATE OFFICERS.—The proper officers of any State may, upon the request of the governor thereof, have access to the returns of any corporation, or to an abstract thereof showing the name and income of any corporation, at such times and in such manner as the Secretary or his delegate may prescribe.

(2) STATE BODIES OR COMMISSIONS.—All income returns filed with respect to the taxes imposed by chapters 1, 2, 3, and 6 (or copies thereof, if so prescribed by regulations made under this subsection), shall be open to inspection by any official, body, or commission, lawfully charged with the administration of any State tax law, if the inspection is for the purpose of such administration or for the purpose of obtaining information to be furnished to local taxing authorities as provided in this paragraph. The inspection shall be permitted only upon written request of the governor of such State, designating the representative of such official, body, or commission to make the inspection on behalf of such official, body, or commission. The inspection shall be made in such manner, and at such times and places, as shall be prescribed by regulations made by the Secretary or his delegate. Any information thus secured by any official, body, or commission of any State may be used only for the administration of the tax laws of such State, except that upon written request of the governor of such State any such information may be furnished to any official, body, or commission of any political subdivision of such State, lawfully charged with the administration of the tax laws of such political subdivision, but may be furnished only for the purpose of, and may be used only for, the administration of such tax laws.

(c) INSPECTION BY SHAREHOLDERS.—All bona fide shareholders of record owning 1 percent or more of the outstanding stock of any corporation shall, upon making request of the Secretary or his delegate, be allowed to examine the annual income returns of such corporation and of its subsidiaries.

(d) INSPECTION BY COMMITTEES OF CONGRESS.—

(1) COMMITTEES ON WAYS AND MEANS AND FINANCE.—

(A) The Secretary and any officer or employee of the Treasury Department, upon request from the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, or a select committee of the Senate or House specially authorized to investigate returns by a resolution of the Senate or House, or a joint committee so authorized by concurrent resolution, shall furnish such committee sitting in executive session with any data of any character contained in or shown by any return.

(B) Any such committee shall have the right, acting directly as a committee, or by or through such examiners or agents as it may designate or appoint, to inspect any or all of the returns at such times and in such manner as it may determine.

(C) Any relevant or useful information thus obtained may be submitted by the committee obtaining it to the Senate or the House, or to both the Senate and the House, as the case may be.

(2) **JOINT COMMITTEE ON INTERNAL REVENUE TAXATION.**—The Joint Committee on Internal Revenue Taxation shall have the same right to obtain data and to inspect returns as the Committee on Ways and Means or the Committee on Finance, and to submit any relevant or useful information thus obtained to the Senate, the House of Representatives, the Committee on Ways and Means, or the Committee on Finance. The Committee on Ways and Means or the Committee on Finance may submit such information to the House or to the Senate, or to both the House and the Senate, as the case may be.

(e) **DECLARATIONS OF ESTIMATED TAX.**—For purposes of this section, a declaration of estimated tax shall be held and considered a return under this chapter.

(f) **INSPECTION OF LIST OF TAXPAYERS.**—The Secretary or his delegate shall as soon as practicable in each year cause to be prepared and made available to public inspection in such manner as he may determine, in the office of the principal internal revenue officer for the internal revenue district in which the return was filed, and in such other places as he may determine, lists containing the name and the post-office address of each person making an income tax return in such district.

SEC. 6104. PUBLICITY OF INFORMATION REQUIRED FROM CERTAIN EXEMPT ORGANIZATIONS AND CERTAIN TRUSTS.

The information required to be furnished by sections 6033 (b) and 6034, together with the names and addresses of such organizations and trusts, shall be made available to the public at such times and in such places as the Secretary or his delegate may prescribe.

SEC. 6105. COMPILATION OF RELIEF FROM EXCESS PROFITS TAX CASES.

The Secretary or his delegate shall compile for each fiscal year beginning after June 30, 1941, by internal revenue districts, and alphabetically arranged, all cases in which relief has been allowed during such year under the provisions of section 722 of the Internal Revenue Code of 1939, as amended, by the Secretary or his delegate and by the Tax Court of the United States, as the case may be. Such compilation shall contain the name and address of each taxpayer to which relief has been so allowed, the business in which the taxpayer is engaged, the amount of the excess profits credit before such allowance, the increase in such credit claimed, the increase in such credit allowed, and the amount of the gross reduction in the tax under subchapter E of chapter 2 of the Internal Revenue Code of 1939, as amended, and of the gross increase in the tax under chapter 1 of such Code, which results from the operation of section 722 of the Internal Revenue Code of 1939, as amended. In the case of relief allowed by the Tax Court of the United States, the Secretary or his delegate shall set forth the data previously reported under this section or

section 722 (g) of the Internal Revenue Code of 1939, as amended, with respect to relief previously allowed in such case by the Secretary or his delegate. Such compilation shall be published in the Federal Register.

SEC. 6106. PUBLICITY OF UNEMPLOYMENT TAX RETURNS.

Returns filed with respect to the tax imposed by chapter 23 shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns described in section 6103, except that paragraph (2) of subsections (a) and (b) of section 6103 and section 7213 (a) (2) shall not apply.

SEC. 6107. LIST OF SPECIAL TAXPAYERS FOR PUBLIC INSPECTION.

In the principal internal revenue office in each internal revenue district there shall be kept, for public inspection, an alphabetical list of the names of all persons who have paid special taxes under subtitle D or E within such district. Such list shall be prepared and kept pursuant to regulations prescribed by the Secretary or his delegate, and shall contain the time, place, and business for which such special taxes have been paid, and upon application of any prosecuting officer of any State, county, or municipality there shall be furnished to him a certified copy thereof, as of a public record, for which a fee of \$1 for each 100 words or fraction thereof in the copy or copies so requested may be charged.

SEC. 6108. PUBLICATION OF STATISTICS OF INCOME.

The Secretary or his delegate shall prepare and publish annually statistics reasonably available with respect to the operation of the income tax laws, including classifications of taxpayers and of income, the amounts allowed as deductions, exemptions, and credits, and any other facts deemed pertinent and valuable.

SEC. 6109. CROSS REFERENCES.

- (1) For reports of Secretary of Agriculture concerning cotton futures, see section 4876.
- (2) For inspection of returns, order forms, and prescriptions concerning narcotics, see section 4773.
- (3) For inspection of returns, order forms, and prescriptions concerning marihuana, see section 4773.
- (4) For authority of Secretary or his delegate to furnish list of special taxpayers, see section 4775.
- (5) For inspection of records, returns, etc., concerning gasoline or lubricating oils, see section 4102.

CHAPTER 62—TIME AND PLACE FOR PAYING TAX

SUBCHAPTER A. Place and due date for payment of tax.

SUBCHAPTER B. Extensions of time for payment.

Subchapter A—Place and Due Date for Payment of Tax

Sec. 6151. Time and place for paying tax shown on returns.

Sec. 6152. Installment payments.

Sec. 6153. Installment payments of estimated income tax by individuals.

Sec. 6154. Installment payments of estimated income tax by corporations.

Sec. 6155. Payment on notice and demand.

Sec. 6156. Payment of taxes under provisions of the Tariff Act.

SEC. 6151. TIME AND PLACE FOR PAYING TAX SHOWN ON RETURNS.

(a) **GENERAL RULE.**—Except as otherwise provided in this section, when a return of tax is required under this title or regulations, the person required to make such return shall, without assessment or notice and demand from the Secretary or his delegate, pay such tax to the principal internal revenue officer for the internal revenue district in which the return is required to be filed, and shall pay such tax at the time and place fixed for filing the return (determined without regard to any extension of time for filing the return).

(b) **EXCEPTIONS.**—

(1) **INCOME TAX NOT COMPUTED BY TAXPAYER.**—If the taxpayer elects under section 6014 not to show the tax on the return, the amount determined by the Secretary or his delegate as payable shall be paid within 30 days after the mailing by the Secretary or his delegate to the taxpayer of a notice stating such amount and making demand therefor.

(2) **USE OF GOVERNMENT DEPOSITARIES.**—For authority of the Secretary or his delegate to require payments to Government depositaries, see section 6302 (c).

(c) **DATE FIXED FOR PAYMENT OF TAX.**—In any case in which a tax is required to be paid on or before a certain date, or within a certain period, any reference in this title to the date fixed for payment of such tax shall be deemed a reference to the last day fixed for such payment (determined without regard to any extension of time for paying the tax).

SEC. 6152. INSTALLMENT PAYMENTS.

(a) **PRIVILEGE TO ELECT TO MAKE INSTALLMENT PAYMENTS.**—

(1) **CORPORATIONS.**—A corporation subject to the taxes imposed by chapter 1 may elect to pay the unpaid amount of such taxes in installments as follows:

(A) with respect to taxable years ending before December 31, 1954, four installments, the first two of which shall be 45 percent, respectively, of such taxes and the last two of which shall be 5 percent, respectively, of such taxes;

(B) with respect to taxable years ending on or after December 31, 1954, two equal installments.

(2) **ESTATES OF DECEDENTS.**—A decedent's estate subject to the tax imposed by chapter 1 may elect to pay such tax in four equal installments.

(3) **EMPLOYERS SUBJECT TO UNEMPLOYMENT TAX.**—An employer subject to the tax imposed by section 3301 may elect to pay such tax in four equal installments.

(b) **DATES PRESCRIBED FOR PAYMENT OF INSTALLMENTS.**—

(1) **FOUR INSTALLMENTS.**—In any case (other than payment of estimated income tax) in which the tax may be paid in four installments, the first installment shall be paid on the date prescribed for the payment of the tax, the second installment shall be paid on or before 3 months, the third installment on or before 6 months, and the fourth installment on or before 9 months, after such date.

(2) **TWO INSTALLMENTS.**—In any case (other than payment of estimated income tax) in which the tax may be paid in two installments, the first installment shall be paid on the date prescribed for the payment of the tax, and the second installment shall be paid on or before 3 months after such date.

(c) **PRORATION OF DEFICIENCY TO INSTALLMENTS.**—If an election has been made to pay the tax imposed by chapter 1 in installments and a deficiency has been assessed, the deficiency shall be prorated to such installments. Except as provided in section 6861 (relating to jeopardy assessments), that part of the deficiency so prorated to any installment the date for payment of which has not arrived shall be collected at the same time as and as part of such installment. That part of the deficiency so prorated to any installment the date for payment of which has arrived shall be paid upon notice and demand from the Secretary or his delegate.

(d) **ACCELERATION OF PAYMENT.**—If any installment (other than an installment of estimated income tax) is not paid on or before the date fixed for its payment, the whole of the unpaid tax shall be paid upon notice and demand from the Secretary or his delegate.

SEC. 6153. INSTALLMENT PAYMENTS OF ESTIMATED INCOME TAX BY INDIVIDUALS.

(a) **GENERAL RULE.**—The amount of estimated tax (as defined in section 6015 (c)) with respect to which a declaration is required under section 6015 shall be paid as follows:

(1) If the declaration is filed on or before April 15 of the taxable year, the estimated tax shall be paid in four equal installments. The first installment shall be paid at the time of the filing of the declaration, the second and third on June 15 and September 15, respectively, of the taxable year, and the fourth on January 15 of the succeeding taxable year.

(2) If the declaration is filed after April 15 and not after June 15 of the taxable year, and is not required by section 6073 (a) to be filed on or before April 15 of the taxable year, the estimated tax shall be paid in three equal installments. The first installment shall be paid at the time of the filing of the declaration, the second

on September 15 of the taxable year, and the third on January 15 of the succeeding taxable year.

(3) If the declaration is filed after June 15 and not after September 15 of the taxable year, and is not required by section 6073 (a) to be filed on or before June 15 of the taxable year, the estimated tax shall be paid in two equal installments. The first installment shall be paid at the time of the filing of the declaration, and the second on January 15 of the succeeding taxable year.

(4) If the declaration is filed after September 15 of the taxable year, and is not required by section 6073 (a) to be filed on or before September 15 of the taxable year, the estimated tax shall be paid in full at the time of the filing of the declaration.

(5) If the declaration is filed after the time prescribed in section 6073 (a) (including cases in which an extension of time for filing the declaration has been granted under section 6081), paragraphs (2), (3), and (4) of this subsection shall not apply, and there shall be paid at the time of such filing all installments of estimated tax which would have been payable on or before such time if the declaration had been filed within the time prescribed in section 6073 (a), and the remaining installments shall be paid at the times at which, and in the amounts in which, they would have been payable if the declaration had been so filed.

(b) FARMERS.—If an individual referred to in section 6073 (b) (relating to income from farming) makes a declaration of estimated tax after September 15 of the taxable year and on or before January 15 of the succeeding taxable year, the estimated tax shall be paid in full at the time of the filing of the declaration.

(c) AMENDMENTS OF DECLARATION.—If any amendment of a declaration is filed, the remaining installments, if any, shall be ratably increased or decreased, as the case may be, to reflect the increase or decrease, as the case may be, in the estimated tax by reason of such amendment, and if any amendment is made after September 15 of the taxable year, any increase in the estimated tax by reason thereof shall be paid at the time of making such amendment.

(d) APPLICATION TO SHORT TAXABLE YEARS.—The application of this section to taxable years of less than 12 months shall be in accordance with regulations prescribed by the Secretary or his delegate.

(e) FISCAL YEARS.—In the application of this section to the case of a taxable year beginning on any date other than January 1, there shall be substituted, for the months specified in this section, the months which correspond thereto.

(f) INSTALLMENTS PAID IN ADVANCE.—At the election of the individual, any installment of the estimated tax may be paid prior to the date prescribed for its payment.

SEC. 6154. INSTALLMENT PAYMENTS OF ESTIMATED INCOME TAX BY CORPORATIONS.

(a) **AMOUNT OF ESTIMATED INCOME TAX REQUIRED TO BE PAID.**—The amount of estimated tax (as defined in section 6016 (b)) with respect to which a declaration is required under section 6016 shall be paid as follows:

If the taxable year ends—	The amount required to be paid shall be the following percentage of the estimated tax:
On or after December 31, 1955 and before December 31, 1956.....	10
On or after December 31, 1956 and before December 31, 1957.....	20
On or after December 31, 1957 and before December 31, 1958.....	30
On or after December 31, 1958 and before December 31, 1959.....	40
On or after December 31, 1959.....	50

(b) **TIME FOR PAYMENT OF INSTALLMENT.**—If the declaration is filed on or before the 15th day of the 9th month of the taxable year, the amount determined under subsection (a) shall be paid in two equal installments. The first installment shall be paid on or before the 15th day of the 9th month of the taxable year, and the second installment shall be paid on or before the 15th day of the 12th month of the taxable year. If the declaration is filed after the 15th day of the 9th month of the taxable year, the amount determined under subsection (a) shall be paid in full on or before the 15th day of the 12th month of the taxable year.

(c) **AMENDMENT OF DECLARATION.**—If any amendment of a declaration is filed, installments payable on the 15th day of the 12th month, if any, shall be ratably increased or decreased, as the case may be, to reflect the increase or decrease, as the case may be, in the estimated tax by reason of such amendment.

(d) **APPLICATION TO SHORT TAXABLE YEAR.**—The application of this section to taxable years of less than 12 months shall be in accordance with regulations prescribed by the Secretary or his delegate.

(e) **INSTALLMENTS PAID IN ADVANCE.**—At the election of the corporation, any installment of the estimated tax may be paid prior to the date prescribed for its payment.

SEC. 6155. PAYMENT ON NOTICE AND DEMAND.

(a) **GENERAL RULE.**—Upon receipt of notice and demand from the Secretary or his delegate, there shall be paid at the place and time stated in such notice the amount of any tax (including any interest, additional amounts, additions to tax, and assessable penalties) stated in such notice and demand.

(b) CROSS REFERENCES.—

(1) For restrictions on assessment and collection of deficiency assessments of taxes subject to the jurisdiction of the Tax Court, see sections 6212 and 6213.

(2) For provisions relating to assessment of claims allowed in a bankruptcy or receivership proceeding, see section 6873.

(3) For provisions relating to jeopardy assessments, see subchapter A of chapter 70.

SEC. 6156. PAYMENT OF TAXES UNDER PROVISIONS OF THE TARIFF ACT.

For collection under the provisions of the Tariff Act of 1930 of the taxes imposed by section 4501 (b), and subchapters A, B, C, D, and E of chapter 38, see sections 4504 and 4601, respectively.

Subchapter B—Extensions of Time for Payment

- Sec. 6161. Extension of time for paying tax.
- Sec. 6162. Extension of time for payment of tax on gain attributable to liquidation of personal holding companies.
- Sec. 6163. Extension of time for payment of estate tax on value of reversionary or remainder interest in property.
- Sec. 6164. Extension of time for payment of taxes by corporations expecting carrybacks.
- Sec. 6165. Bonds where time to pay tax or deficiency has been extended.

SEC. 6161. EXTENSION OF TIME FOR PAYING TAX.

(a) AMOUNT DETERMINED BY TAXPAYER ON RETURN.—

(1) GENERAL RULE.—The Secretary or his delegate, except as otherwise provided in this title, may extend the time for payment of the amount of the tax shown, or required to be shown, on any return or declaration required under authority of this title (or any installment thereof), for a reasonable period not to exceed 6 months from the date fixed for payment thereof. Such extension may exceed 6 months in the case of a taxpayer who is abroad.

(2) ESTATE TAX.—If the Secretary or his delegate finds that the payment on the due date of any part of the amount determined by the executor as the tax imposed by chapter 11 would result in undue hardship to the estate, he may extend the time for payment for a reasonable period not in excess of 10 years from the date fixed for payment of the tax.

(b) AMOUNT DETERMINED AS DEFICIENCY.—Under regulations prescribed by the Secretary or his delegate, the Secretary or his delegate may extend, to the extent provided below, the time for payment of the amount determined as a deficiency:

(1) In the case of a tax imposed by chapter 1 or 12, for a period not to exceed 18 months from the date fixed for payment of the deficiency, and, in exceptional cases, for a further period not to exceed 12 months;

(2) In the case of a tax imposed by chapter 11, for a period not to exceed 4 years from the date otherwise fixed for payment of the deficiency.

An extension under this subsection may be granted only where it is shown to the satisfaction of the Secretary or his delegate that the payment of a deficiency upon the date fixed for the payment thereof will result in undue hardship to the taxpayer in the case of a tax imposed by chapter 1, to the estate in the case of a tax imposed by chapter 11, or to the donor in the case of a tax imposed by chapter 12. No extension shall be granted if the deficiency is due to negligence, to intentional disregard of rules and regulations, or to fraud with intent to evade tax.

(c) CLAIMS IN BANKRUPTCY OR RECEIVERSHIP PROCEEDINGS.—Extensions of time for payment of any portion of a claim for tax under chapter 1 or chapter 12, allowed in bankruptcy or receivership pro-

ceedings, which is unpaid, may be had in the same manner and subject to the same provisions and limitations as provided in subsection (b) in respect of a deficiency in such tax.

(d) CROSS REFERENCES.—

(1) PERIOD OF LIMITATION.—

For extension of the period of limitation in case of an extension under subsection (a) (2) or subsection (b) (2), see section 6503 (d).

(2) SECURITY.—

For authority of the Secretary or his delegate to require security in case of an extension under subsection (a) (2) or subsection (b), see section 6165.

SEC. 6162. EXTENSION OF TIME FOR PAYMENT OF TAX ON GAIN ATTRIBUTABLE TO LIQUIDATION OF PERSONAL HOLDING COMPANIES.

(a) EXTENSION PERMITTED.—The Secretary or his delegate may (under regulations prescribed by the Secretary or his delegate) extend (for a period not to exceed 5 years from the date fixed for the payment of the tax) the time for the payment of such portion of the amount determined as the tax under chapter 1 by the taxpayer for any taxable year beginning before January 1, 1956, as is attributable to the short-term or long-term capital gain derived by the taxpayer from the receipt by him of property other than money on a complete liquidation of a corporation to which section 331 (a) (1) or 342 applies. This section shall apply only if the corporation, for its taxable year preceding the year in which occurred the complete liquidation (or the first of the series of distributions in complete liquidation), was, under the law applicable to such taxable year, a personal holding company or a foreign personal holding company. An extension under this section shall be granted only if it is shown to the satisfaction of the Secretary or his delegate that the failure to grant the extension will result in undue hardship to the taxpayer.

(b) SECURITY.—

For authority of the Secretary or his delegate to require security in the case of such an extension, see section 6165.

SEC. 6163. EXTENSION OF TIME FOR PAYMENT OF ESTATE TAX ON VALUE OF REVERSIONARY OR REMAINDER INTEREST IN PROPERTY.

(a) EXTENSION PERMITTED.—If the value of a reversionary or remainder interest in property is included under chapter 11 in the value of the gross estate, the payment of the part of the tax under chapter 11 attributable to such interest may, at the election of the executor, be postponed until 6 months after the termination of the precedent interest or interests in the property, under such regulations as the Secretary or his delegate may prescribe.

(b) CROSS REFERENCES.—

(1) INTEREST.—

For provisions requiring the payment of interest for the period of such extension, see section 6601 (b).

(2) SECURITY.—

For authority of the Secretary or his delegate to require security in the case of such extension, see section 6165.

SEC. 6164. EXTENSION OF TIME FOR PAYMENT OF TAXES BY CORPORATIONS EXPECTING CARRYBACKS.

(a) **IN GENERAL.**—If a corporation, in any taxable year, files with the Secretary or his delegate a statement, as provided in subsection (b), with respect to an expected net operating loss carryback from such taxable year, the time for payment of all or part of any tax imposed by subtitle A for the taxable year immediately preceding such taxable year shall be extended, to the extent and subject to the conditions and limitations hereinafter provided in this section.

(b) **CONTENTS OF STATEMENT.**—The statement shall be filed at such time and in such manner and form as the Secretary or his delegate may by regulations prescribe. Such statement shall set forth that the corporation expects to have a net operating loss carryback, as provided in section 172 (b), from the taxable year in which such statement is made, and shall set forth, in such detail and with such supporting data and explanation as such regulations shall require—

(1) the estimated amount of the expected net operating loss;

(2) the reasons, facts, and circumstances which cause the corporation to expect such net operating loss;

(3) the amount of the reduction of the tax previously determined attributable to the expected carryback, such tax previously determined being ascertained in accordance with the method prescribed in section 1314 (a); and such reduction being determined by applying the expected carryback in the manner provided by law to the items on the basis of which such tax was determined;

(4) the tax and the part thereof the time for payment of which is to be extended; and

(5) such other information for purposes of carrying out the provisions of this section as may be required by such regulations.

The Secretary or his delegate shall, upon request, furnish a receipt for any statement filed, which shall set forth the date of such filing.

(c) **AMOUNT TO WHICH EXTENSION RELATES AND INSTALLMENT PAYMENTS.**—The amount the time for payment of which may be extended under subsection (a) with respect to any tax shall not exceed the amount of such tax shown on the return, increased by any amount assessed as a deficiency (or as interest or addition to the tax) prior to the date of filing the statement and decreased by any amount paid or required to be paid prior to the date of such filing, and the total amount of the tax the time for payment of which may be extended shall not exceed the amount stated under subsection (b) (3). For purposes of this subsection, an amount shall not be considered as required to be paid unless shown on the return or assessed as a deficiency (or as interest or addition to the tax), and an amount assessed as a deficiency (or as interest or addition to the tax) shall be considered to be required to be paid prior to the date of filing of the statement if the 10th day after notice and demand for its payment occurs prior to such date. If an extension of time under this section relates to only a part of the tax, the time for payment of the remainder shall be considered to be the dates on which payments would have been required if such remainder had been the tax and the

taxpayer had elected to pay the tax in installments as provided in section 6152.

(d) **PERIOD OF EXTENSION.**—The extension of time for payment provided in this section shall expire—

(1) on the last day of the month in which falls the last date prescribed by law (including any extension of time granted the taxpayer) for the filing of the return for the taxable year of the expected net operating loss, or

(2) if an application for tentative carryback adjustment provided in section 6411 with respect to such loss is filed before the expiration of the period prescribed in paragraph (1), on the date on which notice is mailed by registered mail by the Secretary or his delegate to the taxpayer that such application is allowed or disallowed in whole or in part.

(e) **REVISED STATEMENTS.**—Each statement filed under subsection (a) with respect to any taxable year shall be in lieu of the last statement previously filed with respect to such year. If the amount the time for payment of which is extended under a statement filed is less than the amount under the last statement previously filed, the extension of time shall be terminated as to the difference between the two amounts.

(f) **TERMINATION.**—The Secretary or his delegate is not required to make any examination of the statement, but he may make such examination thereof as he deems necessary and practicable. The Secretary or his delegate shall terminate the extension as to any part of the amount to which it relates which he deems should be terminated because, upon such examination, he believes that, as of the time such examination is made, all or any part of the statement clearly is in a material respect erroneous or unreasonable.

(g) **PAYMENTS ON TERMINATION.**—If an extension of time is terminated under subsection (e) or (f) with respect to any amount, then—

(1) no further extension of time shall be made under this section with respect to such amount, and

(2) the time for payment of such amount shall be considered to be the dates on which payments would have been required if there had been no extension with respect to such amount and the taxpayer had elected to pay the tax in installments as provided in section 6152.

(h) **JEOPARDY.**—If the Secretary or his delegate believes that collection of the amount to which an extension under this section relates is in jeopardy, he shall immediately terminate such extension, and notice and demand shall be made by him for payment of such amount.

(i) **CONSOLIDATED RETURNS.**—If the corporation seeking an extension of time under this section made or was required to make a consolidated return, either for the taxable year within which the net operating loss arises or for the preceding taxable year affected by such loss, the provisions of such section shall apply only to such extent and subject to such conditions, limitations, and exceptions as the Secretary or his delegate may by regulations prescribe.

SEC. 6165. BONDS WHERE TIME TO PAY TAX OR DEFICIENCY HAS BEEN EXTENDED.

In the event the Secretary or his delegate grants any extension of time within which to pay any tax or any deficiency therein, the Secretary or his delegate may require the taxpayer to furnish a bond in such amount (not exceeding double the amount with respect to which the extension is granted) conditioned upon the payment of the amount extended in accordance with the terms of such extension.

CHAPTER 63—ASSESSMENT

SUBCHAPTER A. In general.

SUBCHAPTER B. Deficiency procedures in the case of income, estate, and gift taxes.

Subchapter A—In General

Sec. 6201. Assessment authority.

Sec. 6202. Establishment by regulations of mode or time of assessment.

Sec. 6203. Method of assessment.

Sec. 6204. Supplemental assessments.

Sec. 6205. Special rules applicable to certain employment taxes.

Sec. 6206. Cross references.

SEC. 6201. ASSESSMENT AUTHORITY.

(a) **AUTHORITY OF SECRETARY OR DELEGATE.**—The Secretary or his delegate is authorized and required to make the inquiries, determinations, and assessments of all taxes (including interest, additional amounts, additions to the tax, and assessable penalties) imposed by this title, or accruing under any former internal revenue law, which have not been duly paid by stamp at the time and in the manner provided by law. Such authority shall extend to and include the following:

(1) **TAXES SHOWN ON RETURN.**—The Secretary or his delegate shall assess all taxes determined by the taxpayer or by the Secretary or his delegate as to which returns or lists are made under this title.

(2) **UNPAID TAXES PAYABLE BY STAMP.**—

(A) **OMITTED STAMPS.**—Whenever any article upon which a tax is required to be paid by means of a stamp is sold or removed for sale or use by the manufacturer thereof or whenever any transaction or act upon which a tax is required to be paid by means of a stamp occurs without the use of the proper stamp, it shall be the duty of the Secretary or his delegate, upon such information as he can obtain, to estimate the amount of tax which has been omitted to be paid and to make assessment therefor upon the person or persons the Secretary or his delegate determines to be liable for such tax.

(B) **CHECK OR MONEY ORDER NOT DULY PAID.**—In any case in which a check or money order received under authority of section 6311 as payment for stamps is not duly paid, the unpaid amount may be immediately assessed as if it were a tax imposed by this title, due at the time of such receipt, from the person who tendered such check or money order.

(3) **ERRONEOUS INCOME TAX PREPAYMENT CREDITS.**—If on any return or claim for refund of income taxes under subtitle A there is an overstatement of the credit for income tax withheld at the source, or of the amount paid as estimated income tax, the amount so over-

stated which is allowed against the tax shown on the return or which is allowed as a credit or refund may be assessed by the Secretary or his delegate in the same manner as in the case of a mathematical error appearing upon the return.

(b) **ESTIMATED INCOME TAX.**—No unpaid amount of estimated tax under section 6153 or 6154 shall be assessed.

(c) **COMPENSATION OF CHILD.**—Any income tax under chapter 1 assessed against a child, to the extent attributable to amounts includible in the gross income of the child, and not of the parent, solely by reason of section 73 (a), shall, if not paid by the child, for all purposes be considered as having also been properly assessed against the parent.

(d) **DEFICIENCY PROCEEDINGS.**—

For special rules applicable to deficiencies of income, estate, and gift taxes, see subchapter B.

SEC. 6202. ESTABLISHMENT BY REGULATIONS OF MODE OR TIME OF ASSESSMENT.

If the mode or time for the assessment of any internal revenue tax (including interest, additional amounts, additions to the tax, and assessable penalties) is not otherwise provided for, the Secretary or his delegate may establish the same by regulations.

SEC. 6203. METHOD OF ASSESSMENT.

The assessment shall be made by recording the liability of the taxpayer in the office of the Secretary or his delegate in accordance with rules or regulations prescribed by the Secretary or his delegate. Upon request of the taxpayer, the Secretary or his delegate shall furnish the taxpayer a copy of the record of the assessment.

SEC. 6204. SUPPLEMENTAL ASSESSMENTS.

(a) **GENERAL RULE.**—The Secretary or his delegate may, at any time within the period prescribed for assessment, make a supplemental assessment whenever it is ascertained that any assessment is imperfect or incomplete in any material respect.

(b) **RESTRICTIONS ON ASSESSMENT.**—

For restrictions on assessment of deficiencies in income, estate, and gift taxes, see section 6213.

SEC. 6205. SPECIAL RULES APPLICABLE TO CERTAIN EMPLOYMENT TAXES.

(a) **ADJUSTMENT OF TAX.**—

(1) **GENERAL RULE.**—If less than the correct amount of tax imposed by section 3101, 3111, 3201, 3221, or 3402 is paid with respect to any payment of wages or compensation, proper adjustments, with respect to both the tax and the amount to be deducted, shall be made, without interest, in such manner and at such times as the Secretary or his delegate may by regulations prescribe.

(2) **UNITED STATES AS EMPLOYER.**—For purposes of this subsection, in the case of remuneration received from the United States or a wholly-owned instrumentality thereof during any calendar year, each head of a Federal agency or instrumentality who makes a return pursuant to section 3122 and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section shall be deemed a separate employer.

(b) **UNDERPAYMENTS.**—If less than the correct amount of tax imposed by section 3101, 3111, 3201, 3221, or 3402 is paid or deducted with respect to any payment of wages or compensation and the underpayment cannot be adjusted under subsection (a) of this section, the amount of the underpayment shall be assessed and collected in such manner and at such times (subject to the statute of limitations properly applicable thereto) as the Secretary or his delegate may by regulations prescribe.

SEC. 6206. CROSS REFERENCES.

(1) For prohibition of suits to restrain assessment of any tax, see section 7421.

(2) For prohibition of assessment of taxes against insolvent banks, see section 7507.

(3) For assessment where property subject to tax has been sold in a distraint proceeding without the tax having been assessed prior to such sale, see section 6342.

(4) For assessment in case of sale or removal of tobacco, snuff, cigars, and cigarettes without the use of proper stamps, see section 5703 (d).

(5) For assessment in case of distilled spirits removed from place where distilled and not deposited in bonded warehouse, see section 5006 (c).

(6) For assessment in case of certain spirits subject to excessive leakage, see section 5006 (b).

(7) For assessment of deficiencies in production of distilled spirits, see section 5007 (e) (1).

(8) For period of limitation upon assessment, see chapter 66.

(9) For assessment under the provisions of the Tariff Act of 1930 of the taxes imposed by section 4501 (b), and subchapters A, B, C, D, and E of chapter 38, see sections 4504 and 4601, respectively.

Subchapter B—Deficiency Procedures in the Case of Income, Estate, and Gift Taxes

Sec. 6211. Definition of a deficiency.

Sec. 6212. Notice of deficiency.

Sec. 6213. Restrictions applicable to deficiencies; petition to Tax Court.

Sec. 6214. Determinations by Tax Court.

Sec. 6215. Assessment of deficiency found by Tax Court.

Sec. 6216. Cross references.

SEC. 6211. DEFINITION OF A DEFICIENCY.

(a) **IN GENERAL.**—For purposes of this title in the case of income, estate, and gift taxes, imposed by subtitles A and B, the term “deficiency” means the amount by which the tax imposed by subtitles A or B exceeds the excess of—

(1) the sum of

(A) the amount shown as the tax by the taxpayer upon his return, if a return was made by the taxpayer and an amount was shown as the tax by the taxpayer thereon, plus

(B) the amounts previously assessed (or collected without assessment) as a deficiency, over—

(2) the amount of rebates, as defined in subsection (b) (2), made.

(b) **RULES FOR APPLICATION OF SUBSECTION (a).**—For purposes of this section—

(1) The tax imposed by chapter 1 and the tax shown on the return shall both be determined without regard to payments on account of estimated tax, without regard to the credit under section 31, and without regard to so much of the credit under section 32 as exceeds 2 percent of the interest on obligations described in section 1451.

(2) The term “rebate” means so much of an abatement, credit, refund, or other repayment, as was made on the ground that the tax imposed by subtitles A or B was less than the excess of the amount specified in subsection (a) (1) over the rebates previously made.

(3) The computation by the Secretary or his delegate, pursuant to section 6014, of the tax imposed by chapter 1 shall be considered as having been made by the taxpayer and the tax so computed considered as shown by the taxpayer upon his return.

SEC. 6212. NOTICE OF DEFICIENCY.

(a) **IN GENERAL.**—If the Secretary or his delegate determines that there is a deficiency in respect of any tax imposed by subtitles A or B, he is authorized to send notice of such deficiency to the taxpayer by registered mail.

(b) **ADDRESS FOR NOTICE OF DEFICIENCY.**—

(1) **INCOME AND GIFT TAXES.**—In the absence of notice to the Secretary or his delegate under section 6903 of the existence of a fiduciary relationship, notice of a deficiency in respect of a tax

imposed by chapter 1 or 12, if mailed to the taxpayer at his last known address, shall be sufficient for purposes of such chapter and this chapter even if such taxpayer is deceased, or is under a legal disability, or, in the case of a corporation, has terminated its existence.

(2) **JOINT INCOME TAX RETURN.**—In the case of a joint income tax return filed by husband and wife, such notice of deficiency may be a single joint notice, except that if the Secretary or his delegate has been notified by either spouse that separate residences have been established, then, in lieu of the single joint notice, a duplicate original of the joint notice shall be sent by registered mail to each spouse at his last known address.

(3) **ESTATE TAX.**—In the absence of notice to the Secretary or his delegate under section 6903 of the existence of a fiduciary relationship, notice of a deficiency in respect of a tax imposed by chapter 11, if addressed in the name of the decedent or other person subject to liability and mailed to his last known address, shall be sufficient for purposes of chapter 11 and of this chapter.

(c) **FURTHER DEFICIENCY LETTERS RESTRICTED.**—

(1) **GENERAL RULE.**—If the Secretary or his delegate has mailed to the taxpayer a notice of deficiency as provided in subsection (a), and the taxpayer files a petition with the Tax Court within the time prescribed in section 6213 (a), the Secretary or his delegate shall have no right to determine any additional deficiency of income tax for the same taxable year, of gift tax for the same calendar year, or of estate tax in respect of the taxable estate of the same decedent, except in the case of fraud, and except as provided in section 6214 (a) (relating to assertion of greater deficiencies before the Tax Court), in section 6213 (b) (1) (relating to mathematical errors), or in section 6861 (c) (relating to the making of jeopardy assessments).

(2) **CROSS REFERENCES.**—

For assessment as a deficiency notwithstanding the prohibition of further deficiency letters, in the case of—

(A) Deficiency attributable to change of election to take standard deduction where taxpayer and his spouse made separate returns, see section 144 (b).

(B) Deficiency attributable to gain on involuntary conversion, see section 1033 (a) (3) (C) and (D).

(C) Deficiency attributable to gain on sale or exchange of personal residence, see section 1034 (j).

(D) Deficiency attributable to war loss recoveries where prior benefit rule is elected, see section 1335.

SEC. 6213. RESTRICTIONS APPLICABLE TO DEFICIENCIES; PETITION TO TAX COURT.

(a) **TIME FOR FILING PETITION AND RESTRICTION ON ASSESSMENT.**—Within 90 days, or 150 days if the notice is addressed to a person outside the States of the Union and the District of Columbia, after the notice of deficiency authorized in section 6212 is mailed (not counting Saturday, Sunday, or a legal holiday in the District of Columbia as the last day), the taxpayer may file a petition with the Tax Court for a redetermination of the deficiency. Except as otherwise provided in section 6861 no assessment of a deficiency in respect of any tax imposed by subtitle A or B and no levy or proceeding in court for its collection shall be made, begun, or prosecuted

until such notice has been mailed to the taxpayer, nor until the expiration of such 90-day or 150-day period, as the case may be, nor, if a petition has been filed with the Tax Court, until the decision of the Tax Court has become final. Notwithstanding the provisions of section 7421 (a), the making of such assessment or the beginning of such proceeding or levy during the time such prohibition is in force may be enjoined by a proceeding in the proper court.

(b) EXCEPTIONS TO RESTRICTIONS ON ASSESSMENT.—

(1) MATHEMATICAL ERRORS.—If the taxpayer is notified that, on account of a mathematical error appearing upon the return, an amount of tax in excess of that shown upon the return is due, and that an assessment of the tax has been or will be made on the basis of what would have been the correct amount of tax but for the mathematical error, such notice shall not be considered as a notice of deficiency for the purposes of subsection (a) (prohibiting assessment and collection until notice of the deficiency has been mailed), or of section 6212 (c) (1) (restricting further deficiency letters), or section 6512 (a) (prohibiting credits or refunds after petition to the Tax Court), and the taxpayer shall have no right to file a petition with the Tax Court based on such notice, nor shall such assessment or collection be prohibited by the provisions of subsection (a) of this section.

(2) ASSESSMENTS ARISING OUT OF TENTATIVE CARRYBACK ADJUSTMENTS.—If the Secretary or his delegate determines that the amount applied, credited, or refunded under section 6411 is in excess of the overassessment attributable to the carryback with respect to which such amount was applied, credited, or refunded, he may assess the amount of the excess as a deficiency as if it were due to a mathematical error appearing on the return.

(3) ASSESSMENT OF AMOUNT PAID.—Any amount paid as a tax or in respect of a tax may be assessed upon the receipt of such payment notwithstanding the provisions of subsection (a). In any case where such amount is paid after the mailing of a notice of deficiency under section 6212, such payment shall not deprive the Tax Court of jurisdiction over such deficiency determined under section 6211 without regard to such assessment.

(c) FAILURE TO FILE PETITION.—If the taxpayer does not file a petition with the Tax Court within the time prescribed in subsection (a), the deficiency, notice of which has been mailed to the taxpayer, shall be assessed, and shall be paid upon notice and demand from the Secretary or his delegate.

(d) WAIVER OF RESTRICTIONS.—The taxpayer shall at any time (whether or not a notice of deficiency has been issued) have the right, by a signed notice in writing filed with the Secretary or his delegate, to waive the restrictions provided in subsection (a) on the assessment and collection of the whole or any part of the deficiency.

(e) CROSS REFERENCES.—

(1) For assessment as if a mathematical error on the return, in the case of erroneous claims for income tax prepayment credits, see section 6201 (a) (3).

(2) For assessments without regard to restrictions imposed by this section in the case of—

(A) Recovery of foreign income taxes, see section 905 (c).

(B) Recovery of foreign estate tax, see section 2016.

SEC. 6214. DETERMINATIONS BY TAX COURT.

(a) **JURISDICTION AS TO INCREASE OF DEFICIENCY, ADDITIONAL AMOUNTS, OR ADDITIONS TO THE TAX.**—The Tax Court shall have jurisdiction to redetermine the correct amount of the deficiency even if the amount so redetermined is greater than the amount of the deficiency, notice of which has been mailed to the taxpayer, and to determine whether any additional amount, or addition to the tax should be assessed, if claim therefor is asserted by the Secretary or his delegate at or before the hearing or a rehearing.

(b) **JURISDICTION OVER OTHER YEARS.**—The Tax Court in redetermining a deficiency of income tax for any taxable year or of gift tax for any calendar year shall consider such facts with relation to the taxes for other years as may be necessary correctly to redetermine the amount of such deficiency, but in so doing shall have no jurisdiction to determine whether or not the tax for any other year has been overpaid or underpaid.

(c) **FINAL DECISIONS OF TAX COURT.**—For purposes of this chapter and subtitles A or B the date on which a decision of the Tax Court becomes final shall be determined according to the provisions of section 7481.

SEC. 6215. ASSESSMENT OF DEFICIENCY FOUND BY TAX COURT.

(a) **GENERAL RULE.**—If the taxpayer files a petition with the Tax Court, the entire amount redetermined as the deficiency by the decision of the Tax Court which has become final shall be assessed and shall be paid upon notice and demand from the Secretary or his delegate. No part of the amount determined as a deficiency by the Secretary or his delegate but disallowed as such by the decision of the Tax Court which has become final shall be assessed or be collected by levy or by proceeding in court with or without assessment.

(b) **CROSS REFERENCES.**—

(1) For assessment or collection of the amount of the deficiency determined by the Tax Court pending appellate court review, see section 7485.

(2) For dismissal of petition by Tax Court as affirmation of deficiency as determined by the Secretary or his delegate, see section 7459 (d).

(3) For decision of Tax Court that tax is barred by limitation as its decision that there is no deficiency, see section 7459 (e).

(4) For assessment of damages awarded by Tax Court for instituting proceedings merely for delay, see section 6673.

(5) For treatment of certain deficiencies as having been paid, in connection with sale of surplus war-built vessels, see section 9 (b) (8) of the Merchant Ship Sales Act of 1946 (60 Stat. 48; 50 U. S. C. App. 1742).

(6) For rules applicable to Tax Court proceedings, see generally subchapter C of chapter 76.

(7) For proration of deficiency to installments, see section 6152 (c).

(8) For extension of time for paying amount determined as deficiency, see section 6161 (b).

SEC. 6216. CROSS REFERENCES.

(1) For procedures relating to bankruptcy and receivership, see subchapter B of chapter 70.

(2) For procedures relating to jeopardy assessments, see subchapter A of chapter 70.

(3) For procedures relating to claims against transferees and fiduciaries, see chapter 71.

CHAPTER 64—COLLECTION

- SUBCHAPTER A. General provisions.
- SUBCHAPTER B. Receipt of payment.
- SUBCHAPTER C. Lien for taxes.
- SUBCHAPTER D. Seizure of property for collection of taxes.

Subchapter A—General Provisions

- Sec. 6301. Collection authority.
- Sec. 6302. Mode or time of collection.
- Sec. 6303. Notice and demand for tax.
- Sec. 6304. Collection under the Tariff Act.

SEC. 6301. COLLECTION AUTHORITY.

The Secretary or his delegate shall collect the taxes imposed by the internal revenue laws.

SEC. 6302. MODE OR TIME OF COLLECTION.

(a) **ESTABLISHMENT BY REGULATIONS.**—If the mode or time for collecting any tax is not provided for by this title, the Secretary or his delegate may establish the same by regulations.

(b) **DISCRETIONARY METHOD.**—Whether or not the method of collecting any tax imposed by chapters 21, 31, 32, 33, sections 4501 (a) or 4511 of chapter 37, or sections 4701 or 4721 of chapter 39 is specifically provided for by this title, any such tax may, under regulations prescribed by the Secretary or his delegate, be collected by means of returns, stamps, coupons, tickets, books, or such other reasonable devices or methods as may be necessary or helpful in securing a complete and proper collection of the tax.

(c) **USE OF GOVERNMENT DEPOSITARIES.**—The Secretary or his delegate may authorize Federal Reserve banks, and incorporated banks or trust companies which are depositaries or financial agents of the United States, to receive any tax imposed under the internal revenue laws, in such manner, at such times, and under such conditions as he may prescribe; and he shall prescribe the manner, times, and conditions under which the receipt of such tax by such banks and trust companies is to be treated as payment of such tax to the Secretary or his delegate.

SEC. 6303. NOTICE AND DEMAND FOR TAX.

(a) **GENERAL RULE.**—Where it is not otherwise provided by this title, the Secretary or his delegate shall, as soon as practicable, and within 60 days, after the making of an assessment of a tax pursuant to section 6203, give notice to each person liable for the unpaid tax, stating the amount and demanding payment thereof. Such notice shall be left at the dwelling or usual place of business of such person, or shall be sent by mail to such person's last known address.

(b) **ASSESSMENT PRIOR TO LAST DATE FOR PAYMENT.**—Except where the Secretary or his delegate believes collection would be jeopardized by delay, if any tax is assessed prior to the last date prescribed for payment of such tax, payment of such tax shall not be demanded under subsection (a) until after such date.

SEC. 6304. COLLECTION UNDER THE TARIFF ACT.

For collection under the provisions of the Tariff Act of 1930 of the taxes imposed by section 4501 (b), and subchapters A, B, C, D, and E of chapter 38, see sections 4504 and 4601, respectively.

Subchapter A—General Provisions

SEC. 6301. COLLECTION AUTHORITY.

The Secretary or his delegate shall collect the taxes imposed by the internal revenue laws.

SEC. 6302. MODE OR TIME OF COLLECTION.

(a) **ESTABLISHMENT BY REGULATION.**—If the mode or time for collecting any tax is not provided for by this title, the Secretary or his delegate may establish the same by regulation.

(b) **DISCRETIONARY METHOD.**—Whether or not the method of collecting any tax imposed by chapters 31, 32, 33, sections 4501 (a) or 4511 of chapter 17, or sections 4701 or 4721 of chapter 39 is specially provided for by this title, any such tax may, under regulations prescribed by the Secretary or his delegate, be collected by means of returns, stamps, coupons, tickets, books, or such other reasonable devices or methods as may be necessary or helpful in securing a complete and proper collection of the tax.

(c) **LAW OR GOVERNMENT DEPARTMENT.**—The Secretary or his delegate may authorize Federal Reserve banks and incorporated banks or trust companies which are depositories or financial agents of the United States to receive any tax imposed under the internal revenue laws in such manner, at such times, and under such conditions as he may prescribe and he shall prescribe the manner, times, and conditions under which the receipts of such tax by such banks and trust companies are to be treated as payment of such tax to the Secretary or his delegate.

SEC. 6303. NOTICE AND DEMAND FOR TAX.

(a) **GENERAL RULE.**—Where it is not otherwise provided by this title, the Secretary or his delegate shall, as soon as practicable, and within 60 days after the making of an assessment of a tax, pursuant to section 6203, give notice to each person liable for the unpaid tax, stating the amount and demanding payment thereof. Such notice shall be left at the dwelling or usual place of business of such person, or shall be sent by mail to such person's last known address.

Subchapter B—Receipt of Payment

Sec. 6311. Payment by check or money order.

Sec. 6312. Payment by United States notes and certificates of indebtedness.

Sec. 6313. Fractional parts of a cent.

Sec. 6314. Receipt for taxes.

Sec. 6315. Payments of estimated income tax.

Sec. 6316. Payment by foreign currency.

SEC. 6311. PAYMENT BY CHECK OR MONEY ORDER.

(a) **AUTHORITY TO RECEIVE.**—It shall be lawful for the Secretary or his delegate to receive for internal revenue taxes, or in payment for internal revenue stamps, checks or money orders, to the extent and under the conditions provided in regulations prescribed by the Secretary or his delegate.

(b) CHECK OR MONEY ORDER UNPAID.—

(1) **ULTIMATE LIABILITY.**—If a check or money order so received is not duly paid, the person by whom such check or money order has been tendered shall remain liable for the payment of the tax or for the stamps, and for all legal penalties and additions, to the same extent as if such check or money order had not been tendered.

(2) **LIABILITY OF BANKS AND OTHERS.**—If any certified, treasurer's, or cashier's check or any money order so received is not duly paid, the United States shall, in addition to its right to exact payment from the party originally indebted therefor, have a lien for the amount of such check upon all the assets of the bank or trust company on which drawn or for the amount of such money order upon all the assets of the issuer thereof; and such amount shall be paid out of such assets in preference to any other claims whatsoever against such bank or issuer except the necessary costs and expenses of administration and the reimbursement of the United States for the amount expended in the redemption of the circulating notes of such bank.

SEC. 6312. PAYMENT BY UNITED STATES NOTES AND CERTIFICATES OF INDEBTEDNESS.

(a) **GENERAL RULE.**—It shall be lawful for the Secretary or his delegate to receive, at par with an adjustment for accrued interest, Treasury bills, notes and certificates of indebtedness issued by the United States in payment of any internal revenue taxes, or in payment for internal revenue stamps, to the extent and under the conditions provided in regulations prescribed by the Secretary or his delegate.

(b) CROSS REFERENCES.—

(1) For authority to receive silver certificates, see section 5 of the act of June 19, 1934 (48 Stat. 1178; 31 U. S. C. 405a).

(2) For full legal tender status of all coins and currencies of the United States, see section 43 (b) (1) of the Agricultural Adjustment Act, as amended (48 Stat. 52, 113; 31 U. S. C. 462).

(3) For authority to receive obligations under the Second Liberty Bond Act, see section 20 (b) of that act, as amended (56 Stat. 189; 31 U. S. C. 754b).

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SEC. 6313. FRACTIONAL PARTS OF A CENT.

In the payment of any tax imposed by this title not payable by stamp, a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to 1 cent.

SEC. 6314. RECEIPT FOR TAXES.

(a) **GENERAL RULE.**—The Secretary or his delegate shall, upon request, give receipts for all sums collected by him, excepting only when the same are in payment for stamps sold and delivered; but no receipt shall be issued in lieu of a stamp representing a tax.

(b) **DUPLICATE RECEIPTS FOR PAYMENT OF ESTATE TAXES.**—The Secretary or his delegate shall, upon request, give to the person paying the tax under chapter 11 (relating to the estate tax) duplicate receipts, either of which shall be sufficient evidence of such payment, and shall entitle the executor to be credited and allowed the amount thereof by any court having jurisdiction to audit or settle his accounts.

(c) CROSS REFERENCES.—

(1) For receipt required to be furnished by employer to employee with respect to employment taxes, see section 6051.

(2) For receipt of discharge of executor from personal liability, see section 2204.

SEC. 6315. PAYMENTS OF ESTIMATED INCOME TAX.

Payment of the estimated income tax, or any installment thereof, shall be considered payment on account of the income taxes imposed by subtitle A for the taxable year.

SEC. 6316. PAYMENT BY FOREIGN CURRENCY.

The Secretary or his delegate is authorized in his discretion to allow payment of taxes in the currency of a foreign country under such circumstances and subject to such conditions as the Secretary or his delegate may by regulations prescribe.

Subchapter C—Lien for Taxes

Sec. 6321. Lien for taxes.

Sec. 6322. Period of lien.

Sec. 6323. Validity against mortgagees, pledgees, purchasers, and judgment creditors.

Sec. 6324. Special liens for estate and gift taxes.

Sec. 6325. Release of lien or partial discharge of property.

Sec. 6326. Cross references.

SEC. 6321. LIEN FOR TAXES.

If any person liable to pay any tax neglects or refuses to pay the same after demand, the amount (including any interest, additional amount, addition to tax, or assessable penalty, together with any costs that may accrue in addition thereto) shall be a lien in favor of the United States upon all property and rights to property, whether real or personal, belonging to such person.

SEC. 6322. PERIOD OF LIEN.

Unless another date is specifically fixed by law, the lien imposed by section 6321 shall arise at the time the assessment is made and shall continue until the liability for the amount so assessed is satisfied or becomes unenforceable by reason of lapse of time.

SEC. 6323. VALIDITY AGAINST MORTGAGEES, PLEDGEES, PURCHASERS, AND JUDGMENT CREDITORS.

(a) **INVALIDITY OF LIEN WITHOUT NOTICE.**—Except as otherwise provided in subsection (c), the lien imposed by section 6321 shall not be valid as against any mortgagee, pledgee, purchaser, or judgment creditor until notice thereof has been filed by the Secretary or his delegate—

(1) **UNDER STATE OR TERRITORIAL LAWS.**—In the office designated by the law of the State or Territory in which the property subject to the lien is situated, whenever the State or Territory has by law designated an office within the State or Territory for the filing of such notice; or

(2) **WITH CLERK OF DISTRICT COURT.**—In the office of the clerk of the United States district court for the judicial district in which the property subject to the lien is situated, whenever the State or Territory has not by law designated an office within the State or Territory for the filing of such notice; or

(3) **WITH CLERK OF DISTRICT COURT FOR DISTRICT OF COLUMBIA.**—In the office of the clerk of the United States District Court for the District of Columbia, if the property subject to the lien is situated in the District of Columbia.

(b) **FORM OF NOTICE.**—If the notice filed pursuant to subsection (a) (1) is in such form as would be valid if filed with the clerk of the United States district court pursuant to subsection (a) (2), such notice shall be valid notwithstanding any law of the State or Territory regarding the form or content of a notice of lien.

(c) **EXCEPTION IN CASE OF SECURITIES.**—

(1) **EXCEPTION.**—Even though notice of a lien provided in section 6321 has been filed in the manner prescribed in subsection (a)

of this section, the lien shall not be valid with respect to a security, as defined in paragraph (2) of this subsection, as against any mortgagee, pledgee, or purchaser of such security, for an adequate and full consideration in money or money's worth, if at the time of such mortgage, pledge, or purchase such mortgagee, pledgee, or purchaser is without notice or knowledge of the existence of such lien.

(2) **DEFINITION OF SECURITY.**—As used in this subsection, the term "security" means any bond, debenture, note, or certificate or other evidence of indebtedness, issued by any corporation (including one issued by a government or political subdivision thereof), with interest coupons or in registered form, share of stock, voting trust certificate, or any certificate of interest or participation in, certificate of deposit or receipt for, temporary or interim certificate for, or warrant or right to subscribe to or purchase, any of the foregoing; negotiable instrument; or money.

(d) **DISCLOSURE OF AMOUNT OF OUTSTANDING LIEN.**—If a notice of lien has been filed under subsection (a), the Secretary or his delegate is authorized to provide by rules or regulations the extent to which, and the conditions under which, information as to the amount of the outstanding obligation secured by the lien may be disclosed.

SEC. 6324. SPECIAL LIENS FOR ESTATE AND GIFT TAXES.

(a) **LIENS FOR ESTATE TAX.**—Except as otherwise provided in subsection (c) (relating to transfers of securities)—

(1) **UPON GROSS ESTATE.**—Unless the estate tax imposed by chapter 11 is sooner paid in full, it shall be a lien for 10 years upon the gross estate of the decedent, except that such part of the gross estate as is used for the payment of charges against the estate and expenses of its administration, allowed by any court having jurisdiction thereof, shall be divested of such lien.

(2) **LIABILITY OF TRANSFEREES AND OTHERS.**—If the estate tax imposed by chapter 11 is not paid when due, then the spouse, transferee, trustee (except the trustee of an employee's trust which meets the requirements of section 401 (a)), surviving tenant, person in possession of the property by reason of the exercise, nonexercise, or release of a power of appointment, or beneficiary, who receives, or has on the date of the decedent's death, property included in the gross estate under sections 2034 to 2042, inclusive, to the extent of the value, at the time of the decedent's death, of such property, shall be personally liable for such tax. Any part of such property transferred by (or transferred by a transferee of) such spouse, transferee, trustee, surviving tenant, person in possession of property by reason of the exercise, nonexercise, or release of a power of appointment, or beneficiary, to a bona fide purchaser, mortgagee, or pledgee, for an adequate and full consideration in money or money's worth shall be divested of the lien provided in paragraph (1) and a like lien shall then attach to all the property of such spouse, transferee, trustee, surviving tenant, person in possession, beneficiary, or transferee of any such person, except any part transferred to a bona fide purchaser, mortgagee, or pledgee for an adequate and full consideration in money or money's worth.

(3) **CONTINUANCE AFTER DISCHARGE OF EXECUTOR.**—The provisions of section 2204 (relating to discharge of executor from personal liability) shall not operate as a release of any part of the gross

estate from the lien for any deficiency that may thereafter be determined to be due, unless such part of the gross estate (or any interest therein) has been transferred to a bona fide purchaser, mortgagee, or pledgee for an adequate and full consideration in money, or money's worth, in which case such part (or such interest) shall not be subject to a lien or to any claim or demand for any such deficiency, but the lien shall attach to the consideration received from such purchaser, mortgagee, or pledgee by the heirs, legatees, devisees, or distributees.

(b) **LIEN FOR GIFT TAX.**—Except as otherwise provided in subsection (c) (relating to transfers of securities), the gift tax imposed by chapter 12 shall be a lien upon all gifts made during the calendar year, for 10 years from the time the gifts are made. If the tax is not paid when due, the donee of any gift shall be personally liable for such tax to the extent of the value of such gift. Any part of the property comprised in the gift transferred by the donee (or by a transferee of the donee) to a bona fide purchaser, mortgagee, or pledgee for an adequate and full consideration in money or money's worth shall be divested of the lien herein imposed and the lien, to the extent of the value of such gift, shall attach to all the property (including after-acquired property) of the donee (or the transferee) except any part transferred to a bona fide purchaser, mortgagee, or pledgee for an adequate and full consideration in money or money's worth.

(c) **EXCEPTION IN CASE OF SECURITIES.**—The lien imposed by subsection (a) or (b) shall not be valid with respect to a security, as defined in section 6323 (c) (2), as against any mortgagee, pledgee, or purchaser of any such security, for an adequate and full consideration in money or money's worth, if at the time of such mortgage, pledge, or purchase such mortgagee, pledgee, or purchaser is without notice or knowledge of the existence of such lien.

SEC. 6325. RELEASE OF LIEN OR PARTIAL DISCHARGE OF PROPERTY.

(a) **RELEASE OF LIEN.**—Subject to such rules or regulations as the Secretary or his delegate may prescribe, the Secretary or his delegate may issue a certificate of release of any lien imposed with respect to any internal revenue tax if—

(1) **LIABILITY SATISFIED OR UNENFORCEABLE.**—The Secretary or his delegate finds that the liability for the amount assessed, together with all interest in respect thereof, has been fully satisfied, has become legally unenforceable, or, in the case of the estate tax imposed by chapter 11 or the gift tax imposed by chapter 12, has been fully satisfied or provided for; or

(2) **BOND ACCEPTED.**—There is furnished to the Secretary or his delegate and accepted by him a bond that is conditioned upon the payment of the amount assessed, together with all interest in respect thereof, within the time prescribed by law (including any extension of such time), and that is in accordance with such requirements relating to terms, conditions, and form of the bond and sureties thereon, as may be specified by such rules or regulations.

(b) **PARTIAL DISCHARGE OF PROPERTY.**—

(1) **PROPERTY DOUBLE THE AMOUNT OF THE LIABILITY.**—Subject to such rules or regulations as the Secretary or his delegate may prescribe, the Secretary or his delegate may issue a certificate of discharge of any part of the property subject to any lien imposed

under this chapter if the Secretary or his delegate finds that the fair market value of that part of such property remaining subject to the lien is at least double the amount of the unsatisfied liability secured by such lien and the amount of all other liens upon such property which have priority to such lien.

(2) **PART PAYMENT OR INTEREST OF UNITED STATES VALUELESS.**—Subject to such rules or regulations as the Secretary or his delegate may prescribe, the Secretary or his delegate may issue a certificate of discharge of any part of the property subject to the lien if—

(A) there is paid over to the Secretary or his delegate in part satisfaction of the liability secured by the lien an amount determined by the Secretary or his delegate, which shall not be less than the value, as determined by the Secretary or his delegate, of the interest of the United States in the part to be so discharged, or

(B) the Secretary or his delegate determines at any time that the interest of the United States in the part to be so discharged has no value.

In determining the value of the interest of the United States in the part to be so discharged, the Secretary or his delegate shall give consideration to the fair market value of such part and to such liens thereon as have priority to the lien of the United States.

(c) **EFFECT OF CERTIFICATE OF RELEASE OR PARTIAL DISCHARGE.**—A certificate of release or of partial discharge issued under this section shall be held conclusive that the lien upon the property covered by the certificate is extinguished.

(d) **CROSS REFERENCES.**—

(1) For single bond complying with the requirements of both subsection (a) (2) and section 6165, see section 7102.

(2) For other provisions relating to bonds, see generally chapter 73.

(3) For provisions relating to suits to enforce lien, see section 7403.

(4) For provisions relating to suits to clear title to realty, see section 7424.

SEC. 6326. CROSS REFERENCES.

(1) For lien in case of tax on distilled spirits, see section 5004.

(2) For exclusion of tax liability from discharge in bankruptcy, see section 17 of the Bankruptcy Act, as amended (52 Stat. 851; 11 U. S. C. 35).

(3) For limit on amount allowed in bankruptcy proceedings on debts owing to the United States, see section 57 (j) of the Bankruptcy Act, as amended (52 Stat. 867; 11 U. S. C. 93).

(4) For recognition of tax liens in proceedings under the Bankruptcy Act, see section 67 (b) and (c) of that act, as amended (52 Stat. 876-877; 11 U. S. C. 107).

(5) For collection of taxes in connection with wage earners' plans in bankruptcy courts, see section 680 of the Bankruptcy Act, as added by the act of June 22, 1938 (52 Stat. 938; 11 U. S. C. 1080).

(6) For provisions permitting the United States to be made party defendant in a proceeding in a State court for the foreclosure of a lien upon real estate where the United States may have a claim upon the premises involved, see section 2410 of Title 28 of the United States Code.

(7) For priority of lien of the United States in case of insolvency, see R. S. 3466 (31 U. S. C. 191).

Subchapter D—Seizure of Property for Collection of Taxes

- Sec. 6331. Levy and distraint.
- Sec. 6332. Surrender of property subject to levy.
- Sec. 6333. Production of books.
- Sec. 6334. Property exempt from levy.
- Sec. 6335. Sale of seized property.
- Sec. 6336. Sale of perishable goods.
- Sec. 6337. Redemption of property.
- Sec. 6338. Certificate of sale; deed of real property.
- Sec. 6339. Legal effect of certificate of sale of personal property and deed of real property.
- Sec. 6340. Records of sale.
- Sec. 6341. Expense of levy and sale.
- Sec. 6342. Application of proceeds of levy.
- Sec. 6343. Authority to release levy.
- Sec. 6344. Cross references.

SEC. 6331. LEVY AND DISTRAINT.

(a) **AUTHORITY OF SECRETARY OR DELEGATE.**—If any person liable to pay any tax neglects or refuses to pay the same within 10 days after notice and demand, it shall be lawful for the Secretary or his delegate to collect such tax (and such further sum as shall be sufficient to cover the expenses of the levy) by levy upon all property and rights to property (except such property as is exempt under section 6334) belonging to such person or on which there is a lien provided in this chapter for the payment of such tax. Levy may be made upon the accrued salary or wages of any officer, employee, or elected official, of the United States, the District of Columbia, or any agency or instrumentality of the United States or the District of Columbia, by serving a notice of levy on the employer (as defined in section 3401 (d)) of such officer, employee, or elected official. If the Secretary or his delegate makes a finding that the collection of such tax is in jeopardy, notice and demand for immediate payment of such tax may be made by the Secretary or his delegate and, upon failure or refusal to pay such tax, collection thereof by levy shall be lawful without regard to the 10-day period provided in this section.

(b) **SEIZURE AND SALE OF PROPERTY.**—The term “levy” as used in this title includes the power of distraint and seizure by any means. In any case in which the Secretary or his delegate may levy upon property or rights to property, he may seize and sell such property or rights to property (whether real or personal, tangible or intangible).

(c) **SUCCESSIVE SEIZURES.**—Whenever any property or right to property upon which levy has been made by virtue of subsection (a) is not sufficient to satisfy the claim of the United States for which levy is made, the Secretary or his delegate may, thereafter, and as often as may be necessary, proceed to levy in like manner upon any other property liable to levy of the person against whom such claim exists, until the amount due from him, together with all expenses, is fully paid.

(d) CROSS REFERENCES.—

- (1) For provisions relating to jeopardy, see subchapter A of chapter 70.
- (2) For proceedings applicable to sale of seized property, see section 6335.

SEC. 6332. SURRENDER OF PROPERTY SUBJECT TO LEVY.

(a) REQUIREMENT.—Any person in possession of (or obligated with respect to) property or rights to property subject to levy upon which a levy has been made shall, upon demand of the Secretary or his delegate, surrender such property or rights (or discharge such obligation) to the Secretary or his delegate, except such part of the property or rights as is, at the time of such demand, subject to an attachment or execution under any judicial process.

(b) PENALTY FOR VIOLATION.—Any person who fails or refuses to surrender as required by subsection (a) any property or rights to property, subject to levy, upon demand by the Secretary or his delegate, shall be liable in his own person and estate to the United States in a sum equal to the value of the property or rights not so surrendered, but not exceeding the amount of the taxes for the collection of which such levy has been made, together with costs and interest on such sum at the rate of 6 percent per annum from the date of such levy.

(c) PERSON DEFINED.—The term "person," as used in subsection (a), includes an officer or employee of a corporation or a member or employee of a partnership, who as such officer, employee, or member is under a duty to surrender the property or rights to property, or to discharge the obligation.

SEC. 6333. PRODUCTION OF BOOKS.

If a levy has been made or is about to be made on any property, or right to property, any person having custody or control of any books or records, containing evidence or statements relating to the property or right to property subject to levy, shall, upon demand of the Secretary or his delegate, exhibit such books or records to the Secretary or his delegate.

SEC. 6334. PROPERTY EXEMPT FROM LEVY.

(a) ENUMERATION.—There shall be exempt from levy—

(1) WEARING APPAREL AND SCHOOL BOOKS.—Such items of wearing apparel and such school books as are necessary for the taxpayer or for members of his family;

(2) FUEL, PROVISIONS, FURNITURE, AND PERSONAL EFFECTS.—If the taxpayer is the head of a family, so much of the fuel, provisions, furniture, and personal effects in his household, and of the arms for personal use, livestock, and poultry of the taxpayer, as does not exceed \$500 in value;

(3) BOOKS AND TOOLS OF A TRADE, BUSINESS, OR PROFESSION.—So many of the books and tools necessary for the trade, business, or profession of the taxpayer as do not exceed in the aggregate \$250 in value.

(b) APPRAISAL.—The officer seizing property of the type described in subsection (a) shall appraise and set aside to the owner the amount of such property declared to be exempt. If the taxpayer objects at the time of the seizure to the valuation fixed by the officer making

the seizure, the Secretary or his delegate shall summon three disinterested individuals who shall make the valuation.

(c) **NO OTHER PROPERTY EXEMPT.**—Notwithstanding any other law of the United States, no property or rights to property shall be exempt from levy other than the property specifically made exempt by subsection (a).

SEC. 6335. SALE OF SEIZED PROPERTY.

(a) **NOTICE OF SEIZURE.**—As soon as practicable after seizure of property, notice in writing shall be given by the Secretary or his delegate to the owner of the property (or, in the case of personal property, the possessor thereof), or shall be left at his usual place of abode or business if he has such within the internal revenue district where the seizure is made. If the owner cannot be readily located, or has no dwelling or place of business within such district, the notice may be mailed to his last known address. Such notice shall specify the sum demanded and shall contain, in the case of personal property, an account of the property seized and, in the case of real property, a description with reasonable certainty of the property seized.

(b) **NOTICE OF SALE.**—The Secretary or his delegate shall as soon as practicable after the seizure of the property give notice to the owner, in the same manner as that prescribed in subsection (a), and shall cause a notification to be published in some newspaper within the county wherein such seizure is made, or, if there be no newspaper published in such county, shall post such notice at the post office nearest the place where the seizure is made, and in not less than two other public places. Such notice shall specify the property to be sold, and the time, place, manner, and conditions of the sale thereof. Whenever levy is made without regard to the 10-day period provided in section 6331 (a), public notice of sale of the property seized shall not be made within such 10-day period unless section 6336 (relating to sale of perishable goods) is applicable.

(c) **SALE OF INDIVISIBLE PROPERTY.**—If any property liable to levy is not divisible, so as to enable the Secretary or his delegate by sale of a part thereof to raise the whole amount of the tax and expenses, the whole of such property shall be sold.

(d) **TIME AND PLACE OF SALE.**—The time of sale shall not be less than 10 days nor more than 40 days from the time of giving public notice under subsection (b). The place of sale shall be within the county in which the property is seized, except by special order of the Secretary or his delegate.

(e) **MANNER AND CONDITIONS OF SALE.**—

(1) **MINIMUM PRICE.**—Before the sale the Secretary or his delegate shall determine a minimum price for which the property shall be sold, and if no person offers for such property at the sale the amount of the minimum price, the property shall be declared to be purchased at such price for the United States; otherwise the property shall be declared to be sold to the highest bidder. In determining the minimum price, the Secretary or his delegate shall take into account the expense of making the levy and sale.

(2) **ADDITIONAL RULES APPLICABLE TO SALE.**—The Secretary or his delegate shall by regulations prescribe the manner and other conditions of the sale of property seized by levy. If one or more alternative methods or conditions are permitted by regulations,

the Secretary or his delegate shall select the alternatives applicable to the sale. Such regulations shall provide:

(A) That the sale shall not be conducted in any manner other than—

(i) by public auction, or

(ii) by public sale under sealed bids.

(B) In the case of the seizure of several items of property, whether such items shall be offered separately, in groups, or in the aggregate; and whether such property shall be offered both separately (or in groups) and in the aggregate, and sold under whichever method produces the highest aggregate amount.

(C) Whether the announcement of the minimum price determined by the Secretary or his delegate may be delayed until the receipt of the highest bid.

(D) Whether payment in full shall be required at the time of acceptance of a bid, or whether a part of such payment may be deferred for such period (not to exceed 1 month) as may be determined by the Secretary or his delegate to be appropriate.

(E) The extent to which methods (including advertising) in addition to those prescribed in subsection (b) may be used in giving notice of the sale.

(F) Under what circumstances the Secretary or his delegate may adjourn the sale from time to time (but such adjournments shall not be for a period to exceed in all 1 month).

(3) PAYMENT OF AMOUNT BID.—If payment in full is required at the time of acceptance of a bid and is not then and there paid, the Secretary or his delegate shall forthwith proceed to again sell the property in the manner provided in this subsection. If the conditions of the sale permit part of the payment to be deferred, and if such part is not paid within the prescribed period, suit may be instituted against the purchaser for the purchase price or such part thereof as has not been paid, together with interest at the rate of 6 percent per annum from the date of the sale; or, in the discretion of the Secretary or his delegate, the sale may be declared by the Secretary or his delegate to be null and void for failure to make full payment of the purchase price and the property may again be advertised and sold as provided in subsections (b) and (c) and this subsection. In the event of such readvertisement and sale any new purchaser shall receive such property or rights to property, free and clear of any claim or right of the former defaulting purchaser, of any nature whatsoever, and the amount paid upon the bid price by such defaulting purchaser shall be forfeited.

(f) STAY OF SALE OF SEIZED PROPERTY PENDING TAX COURT DECISION.—

For restrictions on sale of seized property pending Tax Court decision, see section 6863 (b) (3).

SEC. 6336. SALE OF PERISHABLE GOODS.

If the Secretary or his delegate determines that any property seized is liable to perish or become greatly reduced in price or value by keeping, or that such property cannot be kept without great expense, he shall appraise the value of such property and—

(1) RETURN TO OWNER.—If the owner of the property can be readily found, the Secretary or his delegate shall give him notice

of such determination of the appraised value of the property. The property shall be returned to the owner if, within such time as may be specified in the notice, the owner—

(A) Pays to the Secretary or his delegate an amount equal to the appraised value, or

(B) Gives bond in such form, with such sureties, and in such amount as the Secretary or his delegate shall prescribe, to pay the appraised amount at such time as the Secretary or his delegate determines to be appropriate in the circumstances.

(2) IMMEDIATE SALE.—If the owner does not pay such amount or furnish such bond in accordance with this section, the Secretary or his delegate shall as soon as practicable make public sale of the property in accordance with such regulations as may be prescribed by the Secretary or his delegate.

SEC. 6337. REDEMPTION OF PROPERTY.

(a) BEFORE SALE.—Any person whose property has been levied upon shall have the right to pay the amount due, together with the expenses of the proceeding, if any, to the Secretary or his delegate at any time prior to the sale thereof, and upon such payment the Secretary or his delegate shall restore such property to him, and all further proceedings in connection with the levy on such property shall cease from the time of such payment.

(b) REDEMPTION OF REAL ESTATE AFTER SALE.—

(1) PERIOD.—The owners of any real property sold as provided in section 6335, their heirs, executors, or administrators, or any person having any interest therein, or a lien thereon, or any person in their behalf, shall be permitted to redeem the property sold, or any particular tract of such property, at any time within 1 year after the sale thereof.

(2) PRICE.—Such property or tract of property shall be permitted to be redeemed upon payment to the purchaser, or in case he cannot be found in the county in which the property to be redeemed is situated, then to the Secretary or his delegate, for the use of the purchaser, his heirs, or assigns, the amount paid by such purchaser and interest thereon at the rate of 20 percent per annum.

(c) RECORD.—When any lands sold are redeemed as provided in this section, the Secretary or his delegate shall cause entry of the fact to be made upon the record mentioned in section 6340, and such entry shall be evidence of such redemption.

SEC. 6338. CERTIFICATE OF SALE; DEED OF REAL PROPERTY.

(a) CERTIFICATE OF SALE.—In the case of property sold as provided in section 6335, the Secretary or his delegate shall give to the purchaser a certificate of sale upon payment in full of the purchase price. In the case of real property, such certificate shall set forth the real property purchased, for whose taxes the same was sold, the name of the purchaser, and the price paid therefor.

(b) DEED TO REAL PROPERTY.—In the case of any real property sold as provided in section 6335 and not redeemed in the manner and within the time provided in section 6337, the Secretary or his delegate shall execute (in accordance with the laws of the State in which such real property is situated pertaining to sales of real property under execution) to the purchaser of such real property at such sale, upon his

surrender of the certificate of sale, a deed of the real property so purchased by him, reciting the facts set forth in the certificate.

(c) **REAL PROPERTY PURCHASED BY UNITED STATES.**—If real property is declared purchased by the United States at a sale pursuant to section 6335, the Secretary or his delegate shall at the proper time execute a deed therefor after its preparation and the endorsement of approval as to its form by the United States district attorney for the district in which the property is situated, and the Secretary or his delegate shall, without delay, cause the deed to be duly recorded in the proper registry of deeds.

SEC. 6339. LEGAL EFFECT OF CERTIFICATE OF SALE OF PERSONAL PROPERTY AND DEED OF REAL PROPERTY.

(a) **CERTIFICATE OF SALE OF PROPERTY OTHER THAN REAL PROPERTY.**—In all cases of sale pursuant to section 6335 of property (other than real property), the certificate of such sale—

(1) **AS EVIDENCE.**—Shall be prima facie evidence of the right of the officer to make such sale, and conclusive evidence of the regularity of his proceedings in making the sale; and

(2) **AS CONVEYANCES.**—Shall transfer to the purchaser all right, title, and interest of the party delinquent in and to the property sold; and

(3) **AS AUTHORITY FOR TRANSFER OF CORPORATE STOCK.**—If such property consists of stocks, shall be notice, when received, to any corporation, company, or association of such transfer, and shall be authority to such corporation, company, or association to record the transfer on its books and records in the same manner as if the stocks were transferred or assigned by the party holding the same, in lieu of any original or prior certificate, which shall be void, whether canceled or not; and

(4) **AS RECEIPTS.**—If the subject of sale is securities or other evidences of debt, shall be a good and valid receipt to the person holding the same, as against any person holding or claiming to hold possession of such securities or other evidences of debt; and

(5) **AS AUTHORITY FOR TRANSFER OF TITLE TO MOTOR VEHICLE.**—If such property consists of a motor vehicle, shall be notice, when received, to any public official charged with the registration of title to motor vehicles, of such transfer and shall be authority to such official to record the transfer on his books and records in the same manner as if the certificate of title to such motor vehicle were transferred or assigned by the party holding the same, in lieu of any original or prior certificate, which shall be void, whether canceled or not.

(b) **DEED OF REAL PROPERTY.**—In the case of the sale of real property pursuant to section 6335—

(1) **DEED AS EVIDENCE.**—The deed of sale given pursuant to section 6338 shall be prima facie evidence of the facts therein stated; and

(2) **DEED OF CONVEYANCE OF TITLE.**—If the proceedings of the Secretary or his delegate as set forth have been substantially in accordance with the provisions of law, such deed shall be considered and operate as a conveyance of all the right, title, and interest the party delinquent had in and to the real property thus sold at the time the lien of the United States attached thereto.

SEC. 6340. RECORDS OF SALE.

(a) **REQUIREMENT.**—The Secretary or his delegate shall, for each internal revenue district, keep a record of all sales of real property under section 6335 and of redemptions of such property. The record shall set forth the tax for which any such sale was made, the dates of seizure and sale, the name of the party assessed and all proceedings in making such sale, the amount of expenses, the names of the purchasers, and the date of the deed.

(b) **COPY AS EVIDENCE.**—A copy of such record, or any part thereof, certified by the Secretary or his delegate shall be evidence in any court of the truth of the facts therein stated.

SEC. 6341. EXPENSE OF LEVY AND SALE.

The Secretary or his delegate shall determine the expenses to be allowed in all cases of levy and sale.

SEC. 6342. APPLICATION OF PROCEEDS OF LEVY.

(a) **COLLECTION OF LIABILITY.**—Any money realized by proceedings under this subchapter (whether by seizure, by surrender under section 6332, or by sale of seized property) shall be applied as follows:

(1) **EXPENSE OF LEVY AND SALE.**—First, against the expenses of the proceedings under this subchapter;

(2) **SPECIFIC TAX LIABILITY ON SEIZED PROPERTY.**—If the property seized and sold is subject to a tax imposed by any internal revenue law which has not been paid, the amount remaining after applying paragraph (1) shall then be applied against such tax liability (and, if such tax was not previously assessed, it shall then be assessed);

(3) **LIABILITY OF DELINQUENT TAXPAYER.**—The amount, if any, remaining after applying paragraphs (1) and (2) shall then be applied against the liability in respect of which the levy was made.

(b) **SURPLUS PROCEEDS.**—Any surplus proceeds remaining after the application of subsection (a) shall, upon application and satisfactory proof in support thereof, be credited or refunded by the Secretary or his delegate to the person or persons legally entitled thereto.

SEC. 6343. AUTHORITY TO RELEASE LEVY.

It shall be lawful for the Secretary or his delegate, under regulations prescribed by the Secretary or his delegate, to release the levy upon all or part of the property or rights to property levied upon where the Secretary or his delegate determines that such action will facilitate the collection of the liability, but such release shall not operate to prevent any subsequent levy.

SEC. 6344. CROSS REFERENCES.

(a) **LENGTH OF PERIOD.**—

For period within which levy may be begun in case of—

- (1) Income, estate, and gift taxes, see sections 6502 (a) and 6503 (a) (1).
- (2) Employment and miscellaneous excise taxes, see section 6502 (a).

(b) DELINQUENT COLLECTION OFFICERS.—

For distraint proceedings against delinquent internal revenue officers, see section 7803 (d).

(c) OTHER REFERENCES.—

For provisions relating to—

- (1) Stamps, marks and brands, see section 6807.
- (2) Administration of real estate acquired by the United States, see section 7506.

CHAPTER 65—ABATEMENTS, CREDITS, AND REFUNDS

SUBCHAPTER A. Procedure in general.

SUBCHAPTER B. Rules of special application.

Subchapter A—Procedure in General

Sec. 6401. Amounts treated as overpayments.

Sec. 6402. Authority to make credits or refunds.

Sec. 6403. Overpayment of installment.

Sec. 6404. Abatements.

Sec. 6405. Reports of refunds and credits.

Sec. 6406. Prohibition of administrative review of decisions.

Sec. 6407. Date of allowance of refund or credit.

SEC. 6401. AMOUNTS TREATED AS OVERPAYMENTS.

(a) **ASSESSMENT AND COLLECTION AFTER LIMITATION PERIOD.**—The term "overpayment" includes that part of the amount of the payment of any internal revenue tax which is assessed or collected after the expiration of the period of limitation properly applicable thereto.

(b) **EXCESSIVE WITHHOLDING.**—If the amount allowable as a credit under section 31 (relating to credit for tax withheld at the source under chapter 24) exceeds the taxes imposed by chapter 1 against which such credit is allowable, the amount of such excess shall be considered an overpayment.

(c) **RULE WHERE NO TAX LIABILITY.**—An amount paid as tax shall not be considered not to constitute an overpayment solely by reason of the fact that there was no tax liability in respect of which such amount was paid.

SEC. 6402. AUTHORITY TO MAKE CREDITS OR REFUNDS.

(a) **GENERAL RULE.**—In the case of any overpayment, the Secretary or his delegate, within the applicable period of limitations, may credit the amount of such overpayment, including any interest allowed thereon, against any liability in respect of an internal revenue tax on the part of the person who made the overpayment and shall refund any balance to such person.

(b) **CREDITS AGAINST ESTIMATED TAX.**—The Secretary or his delegate is authorized to prescribe regulations providing for the crediting against the estimated income tax for any taxable year of the amount determined by the taxpayer or the Secretary (or his delegate) to be an overpayment of the income tax for a preceding taxable year.

SEC. 6403. OVERPAYMENT OF INSTALLMENT.

In the case of a tax payable in installments, if the taxpayer has paid as an installment of the tax more than the amount determined to be the correct amount of such installment, the overpayment shall be credited against the unpaid installments, if any. If the amount already paid, whether or not on the basis of installments, exceeds

the amount determined to be the correct amount of the tax, the overpayment shall be credited or refunded as provided in section 6402.

SEC. 6404. ABATEMENTS.

(a) **GENERAL RULE.**—The Secretary or his delegate is authorized to abate the unpaid portion of the assessment of any tax or any liability in respect thereof, which—

- (1) is excessive in amount, or
- (2) is assessed after the expiration of the period of limitation properly applicable thereto, or
- (3) is erroneously or illegally assessed.

(b) **NO CLAIM FOR ABATEMENT OF INCOME, ESTATE, AND GIFT TAXES.**—No claim for abatement shall be filed by a taxpayer in respect of an assessment of any tax imposed under subtitle A or B.

(c) **SMALL TAX BALANCES.**—The Secretary or his delegate is authorized to abate the unpaid portion of the assessment of any tax, or any liability in respect thereof, if the Secretary or his delegate determines under uniform rules prescribed by the Secretary or his delegate that the administration and collection costs involved would not warrant collection of the amount due.

SEC. 6405. REPORTS OF REFUNDS AND CREDITS.

(a) **BY TREASURY TO JOINT COMMITTEE.**—No refund or credit of any income, war profits, excess profits, estate, or gift tax in excess of \$100,000 shall be made until after the expiration of 30 days from the date upon which a report giving the name of the person to whom the refund or credit is to be made, the amount of such refund or credit, and a summary of the facts and the decision of the Secretary or his delegate, is submitted to the Joint Committee on Internal Revenue Taxation.

(b) **BY JOINT COMMITTEE TO CONGRESS.**—A report to Congress shall be made annually by such committee of such refunds and credits, including the names of all persons and corporations to whom amounts are credited or payments are made, together with the amounts credited or paid to each.

(c) **TENTATIVE ADJUSTMENTS.**—Any credit or refund allowed or made under section 6411 shall be made without regard to the provisions of subsection (a) of this section. In any such case, if the credit or refund, reduced by any deficiency in such tax thereafter assessed and by deficiencies in any other tax resulting from adjustments reflected in the determination of the credit or refund, is in excess of \$100,000, there shall be submitted to such committee a report containing the matter specified in subsection (a) at such time after the making of the credit or refund as the Secretary or his delegate shall determine the correct amount of the tax.

SEC. 6406. PROHIBITION OF ADMINISTRATIVE REVIEW OF DECISIONS.

In the absence of fraud or mistake in mathematical calculation, the findings of fact in and the decision of the Secretary or his delegate upon the merits of any claim presented under or authorized by the internal revenue laws and the allowance or nonallowance by the Secretary or his delegate of interest on any credit or refund under the internal revenue laws shall not, except as provided in subchapters C

and D of chapter 76 (relating to the Tax Court), be subject to review by any other administrative or accounting officer, employee, or agent of the United States.

SEC. 6407. DATE OF ALLOWANCE OF REFUND OR CREDIT.

The date on which the Secretary or his delegate first authorizes the scheduling of an overassessment in respect of any internal revenue tax shall be considered as the date of allowance of refund or credit in respect of such tax.

Subchapter B—Rules of Special Application

- Sec. 6411. Tentative carryback adjustments.
- Sec. 6412. Floor stocks refunds.
- Sec. 6413. Special rules applicable to certain employment taxes.
- Sec. 6414. Income tax withheld.
- Sec. 6415. Credits or refunds to persons who collected certain taxes.
- Sec. 6416. Certain taxes on sales and services.
- Sec. 6417. Coconut and palm oil.
- Sec. 6418. Sugar.
- Sec. 6419. Excise tax on wagering.
- Sec. 6420. Cross references.

SEC. 6411. TENTATIVE CARRYBACK ADJUSTMENTS.

(a) APPLICATION FOR ADJUSTMENT.—A taxpayer may file an application for a tentative carryback adjustment of the tax for the prior taxable year affected by a net operating loss carryback, provided in section 172 (b), from any taxable year. The application shall be verified in the manner prescribed by section 6065 in the case of a return of such taxpayer, and shall be filed, on or after the date of filing of the return for the taxable year of the net operating loss from which the carryback results and within a period of 12 months from the end of such taxable year, in the manner and form required by regulations prescribed by the Secretary or his delegate. The application shall set forth in such detail and with such supporting data and explanation as such regulations shall require—

- (1) The amount of the net operating loss;
 - (2) The amount of the tax previously determined for the prior taxable year affected by such carryback, the tax previously determined being ascertained in accordance with the method prescribed in section 1314 (a);
 - (3) The amount of decrease in such tax, attributable to such carryback, such decrease being determined by applying the carryback in the manner provided by law to the items on the basis of which such tax was determined;
 - (4) The unpaid amount of such tax, not including any amount required to be shown under paragraph (5);
 - (5) The amount, with respect to the tax for the taxable year immediately preceding the taxable year of such loss, as to which an extension of time for payment under section 6164 is in effect; and
 - (6) Such other information for purposes of carrying out the provisions of this section as may be required by such regulations.
- An application under this subsection shall not constitute a claim for credit or refund.

(b) ALLOWANCE OF ADJUSTMENTS.—Within a period of 90 days from the date on which an application for a tentative carryback adjustment is filed under subsection (a), or from the last day of the month in which falls the last date prescribed by law (including any extension of time granted the taxpayer) for filing the return for the taxable year of the net operating loss from which such carryback

results, whichever is the later, the Secretary or his delegate shall make, to the extent he deems practicable in such period, a limited examination of the application, to discover omissions and errors of computation therein, and shall determine the amount of the decrease in the tax attributable to such carryback upon the basis of the application and the examination, except that the Secretary or his delegate may disallow, without further action, any application which he finds contains errors of computation which he deems cannot be corrected by him within such 90-day period or material omissions. Such decrease shall be applied against any unpaid amount of the tax decreased (including any amount of such tax as to which an extension of time under section 6164 is in effect) and any remainder shall be credited against any unsatisfied amount of any tax for the taxable year immediately preceding the taxable year of the net operating loss the time for payment of which tax is extended under section 6164. Any remainder shall, within such 90-day period, be either credited against any tax or installment thereof then due from the taxpayer, or refunded to the taxpayer.

(c) **CONSOLIDATED RETURNS.**—If the corporation seeking a tentative carryback adjustment under this section, made or was required to make a consolidated return, either for the taxable year within which the net operating loss arises, or for the preceding taxable year affected by such loss, the provisions of this section shall apply only to such extent and subject to such conditions, limitations, and exceptions as the Secretary or his delegate may by regulations prescribe.

SEC. 6412. FLOOR STOCKS REFUNDS.

(a) **MOTOR VEHICLES.**—

(1) **IN GENERAL.**—Where before April 1, 1955, any article subject to the tax imposed by section 4061 (a) or (b) has been sold by the manufacturer, producer, or importer, and on such date is held by a dealer and has not been used and is intended for sale, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer an amount equal to the difference between the tax paid by such manufacturer, producer, or importer on his sale of the article and the amount of tax made applicable to such article on and after April 1, 1955.

(2) **DEFINITIONS.**—For purposes of this subsection—

(A) The term “dealer” includes a wholesaler, jobber, distributor, or retailer.

(B) An article shall be considered as “held by a dealer” if title thereto has passed to such dealer (whether or not delivery to him has been made), and if for purposes of consumption title to such article or possession thereof has not at any time been transferred to any person other than a dealer.

(3) **REFUNDS TO DEALERS.**—Under regulations prescribed by the Secretary or his delegate, the refund provided by this subsection may be made to the dealer instead of the manufacturer, producer, or importer, if the manufacturer, producer, or importer waives any claim for the amount so to be refunded.

(4) **REIMBURSEMENT OF DEALERS.**—When the credit or refund provided for in this subsection has been allowed to the manufacturer, producer, or importer, he shall remit to the dealer to whom was sold the article in respect of which the credit or refund was allowed so

much of that amount of the tax corresponding to the credit or refund as was included in or added to the price paid or agreed to be paid by the dealer.

(5) **LIMITATION ON ELIGIBILITY FOR CREDIT OR REFUND.**—No person shall be entitled to credit or refund under this subsection unless (A) he has in his possession such evidence of the inventories with respect to which the credit or refund is claimed as may be required by regulations prescribed under this subsection, and (B) claim for such credit or refund is filed with the Secretary or his delegate before July 1, 1955.

(b) **GASOLINE.**—

(1) **IN GENERAL.**—With respect to any gasoline taxable under section 4081, upon which tax (including floor stocks tax) at the applicable rate has been paid, and which, on April 1, 1955, is held and intended for sale by any person, there shall be credited or refunded (without interest) to the producer or importer who paid the tax, subject to such regulations as may be prescribed by the Secretary or his delegate, an amount equal to so much of the difference between the tax so paid and the amount of tax made applicable to such gasoline on and after April 1, 1955, as has been paid by such producer or importer to such person as reimbursement for the tax reduction on such gasoline, if claim for such credit or refund is filed with the Secretary or his delegate prior to July 1, 1955. No credit or refund shall be allowable under this subsection with respect to gasoline in retail stocks held at the place where intended to be sold at retail, nor with respect to gasoline held for sale by a producer or importer of gasoline.

(2) **LIMITATION ON ELIGIBILITY FOR CREDIT OR REFUND.**—No producer or importer shall be entitled to a credit or refund under paragraph (1) unless he has in his possession satisfactory evidence of the inventories with respect to which he has made the reimbursements described in such paragraph, and establishes to the satisfaction of the Secretary or his delegate with respect to the quantity of gasoline as to which credit or refund is claimed under such paragraph, that on or after April 1, 1955, such quantity of gasoline was sold to the ultimate consumer at a price which reflected the amount of the tax reduction.

(c) **OTHER LAWS APPLICABLE TO CERTAIN FLOOR STOCKS REFUNDS.**—All provisions of law, including penalties, applicable in respect of the taxes imposed under sections 4061 and 4081 shall, insofar as applicable and not inconsistent with subsections (a) and (b) of this section, be applicable in respect of the credits and refunds provided for in such subsections to the same extent as if such credits or refunds constituted overpayments of such taxes.

(d) **SUGAR.**—With respect to any sugar or articles composed in chief value of sugar upon which tax imposed under section 4501 (b) has been paid and which, on June 30, 1957, are held by the importer and intended for sale or other disposition, there shall be refunded (without interest) to such importer, subject to such regulations as may be prescribed by the Secretary or his delegate, an amount equal to the tax paid with respect to such sugar or articles composed in chief value of sugar.

(e) CROSS REFERENCE.—

For floor stocks refunds in case of certain alcohol and tobacco taxes, see sections 5063 and 5707.

SEC. 6413. SPECIAL RULES APPLICABLE TO CERTAIN EMPLOYMENT TAXES.

(a) ADJUSTMENT OF TAX.—

(1) GENERAL RULE.—If more than the correct amount of tax imposed by section 3101, 3111, 3201, 3221, or 3402 is paid with respect to any payment of remuneration, proper adjustments, with respect to both the tax and the amount to be deducted, shall be made, without interest, in such manner and at such times as the Secretary or his delegate may by regulations prescribe.

(2) UNITED STATES AS EMPLOYER.—For purposes of this subsection, in the case of remuneration received from the United States or a wholly-owned instrumentality thereof during any calendar year, each head of a Federal agency or instrumentality who makes a return pursuant to section 3122 and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section shall be deemed a separate employer.

(b) OVERPAYMENTS OF CERTAIN EMPLOYMENT TAXES.—If more than the correct amount of tax imposed by section 3101, 3111, 3201, 3221, or 3402 is paid or deducted with respect to any payment of remuneration and the overpayment cannot be adjusted under subsection (a) of this section, the amount of the overpayment shall be refunded in such manner and at such times (subject to the statute of limitations properly applicable thereto) as the Secretary or his delegate may by regulations prescribe.

(c) SPECIAL REFUNDS.—

(1) IN GENERAL.—If by reason of an employee receiving wages from more than one employer during any calendar year, the wages received by him during such year exceed \$3,600, the employee shall be entitled (subject to the provisions of section 31 (b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 3101 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first \$3,600 of such wages received.

(2) APPLICABILITY IN CASE OF FEDERAL AND STATE EMPLOYEES.—

(A) FEDERAL EMPLOYEES.—In the case of remuneration received from the United States or a wholly-owned instrumentality thereof during any calendar year, each head of a Federal agency or instrumentality who makes a return pursuant to section 3122 and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section shall, for purposes of this subsection, be deemed a separate employer; and the term "wages" includes, for purposes of this subsection, the amount, not to exceed \$3,600, determined by each such head or agent as constituting wages paid to an employee.

(B) STATE EMPLOYEES.—For purposes of this subsection, in the case of remuneration received during any calendar year, the term "wages" includes such remuneration for services covered by an agreement made pursuant to section 218 of the Social Security Act as would be wages if such services constituted employment; the term "employer" includes a State or any political

subdivision thereof, or any instrumentality of any one or more of the foregoing; the term "tax" or "tax imposed by section 3101" includes, in the case of services covered by an agreement made pursuant to section 218 of the Social Security Act, an amount equivalent to the tax which would be imposed by section 3101, if such services constituted employment as defined in section 3121; and the provisions of this subsection shall apply whether or not any amount deducted from the employee's remuneration as a result of an agreement made pursuant to section 218 of the Social Security Act has been paid to the Secretary.

(d) **REFUND OR CREDIT OF FEDERAL UNEMPLOYMENT TAX.**—Any credit allowable under section 3302, to the extent not previously allowed, shall be considered an overpayment, but no interest shall be allowed or paid with respect to such overpayment.

SEC. 6414. INCOME TAX WITHHELD.

In the case of an overpayment of tax imposed by chapter 24, or by chapter 3, refund or credit shall be made to the employer or to the withholding agent, as the case may be, only to the extent that the amount of such overpayment was not deducted and withheld by the employer or withholding agent.

SEC. 6415. CREDITS OR REFUNDS TO PERSONS WHO COLLECTED CERTAIN TAXES.

(a) **ALLOWANCE OF CREDITS OR REFUNDS.**—Credit or refund of any overpayment of tax imposed by section 4231 (1), 4231 (2), 4231 (3), 4241, 4251, 4261, 4271, or 4286 may be allowed to the person who collected the tax and paid it to the Secretary or his delegate if such person establishes, under such regulations as the Secretary or his delegate may prescribe, that he has repaid the amount of such tax to the person from whom he collected it, or obtains the consent of such person to the allowance of such credit or refund.

(b) **CREDIT ON RETURNS.**—Any person entitled to a refund of tax imposed by section 4231 (1), 4231 (2), 4231 (3), 4241, 4251, 4261, 4271, or 4286 paid, or collected and paid, to the Secretary or his delegate by him may, instead of filing a claim for refund, take credit therefor against taxes imposed by such section due upon any subsequent return.

(c) **REFUND OF OVERCOLLECTIONS.**—In case any person required under section 4231 (1), 4231 (2), 4231 (3), 4241, 4251, 4261, 4271, or 4286 to collect any tax shall make an overcollection of such tax, such person shall, upon proper application, refund such overcollection to the person entitled thereto.

(d) **REFUND OF TAXABLE PAYMENT.**—Any person making a refund of any payment on which tax imposed by section 4231 (1), 4231 (2), 4231 (3), 4241, 4251, 4261, 4271, or 4286 has been collected may repay therewith the amount of tax collected on such payment.

SEC. 6416. CERTAIN TAXES ON SALES AND SERVICES.

(a) **CONDITION TO ALLOWANCE.**—No credit or refund of any overpayment of tax imposed by section 4231 (6) or 4281 or by chapter 31 (other than section 4041 (a) (2) or (b) (2)) or chapter 32 (except an overpayment of tax under paragraph (1) or (3) of subsection (b) of this section) shall be allowed unless the person who paid the tax establishes under regulations prescribed by the Secretary or his delegate—

(1) That he has not included the tax in the price of the article or service with respect to which it was imposed or has not collected the amount of the tax from the vendee; or

(2) Has repaid the amount of the tax to the purchaser (in case of retailers' taxes) or to the ultimate purchaser (in the case of manufacturers' taxes and the tax under section 4041 (a) (1) or (b) (1)) of the article or service or, in any case within subsection (b) (2), has repaid or has agreed to repay the amount of the tax to the ultimate vendor of the article; or

(3) Has filed with the Secretary or his delegate the written consent of such purchaser, ultimate purchaser, or ultimate vendor, as the case may be, to the allowance of the credit or refund or has obtained the written consent of such ultimate vendor thereto.

(b) SPECIAL CASES IN WHICH TAX PAYMENTS CONSIDERED OVERPAYMENTS.—Under regulations prescribed by the Secretary or his delegate credit or refund, without interest, shall be made of the overpayments determined under the following paragraphs:

(1) PRICE READJUSTMENTS.—If the price of any article in respect of which a tax, based on such price, is imposed by chapter 31 or 32, is readjusted by reason of the return or repossession of the article or a covering or container, or by a bona fide discount, rebate or allowance, the part of the tax proportionate to the part of the price repaid or credited to the purchaser shall be deemed to be an overpayment.

(2) SPECIFIED USES AND REALES.—The tax paid under subchapter E of chapter 31 or chapter 32 in respect of any article shall be deemed to be an overpayment if such article was, by any person—

(A) Resold for the exclusive use of any State, Territory of the United States, or any political subdivision of the foregoing, or the District of Columbia, or, in the case of musical instruments embraced in section 4151, resold for the use of any religious or nonprofit educational institution for exclusively religious or educational purposes;

(B) Used or resold for use for any of the purposes, but subject to the conditions, provided in section 4222;

(C) In the case of a liquid taxable under section 4041, sold for use as fuel in a diesel-powered highway vehicle or as fuel for the propulsion of a motor vehicle, motorboat, or airplane, if the vendee used such liquid otherwise than as fuel in such a vehicle, motorboat, or airplane or resold such liquid;

(D) In the case of lubricating oils, used or resold for nonlubricating purposes;

(E) In the case of unexposed motion picture films, used or resold for use in the making of newsreel motion picture films;

(F) In the case of articles taxable under section 4061 (b) (other than spark plugs, storage batteries, leaf springs, coils, timers, and tire chains), used or resold for use as repair or replacement parts or accessories for farm equipment (other than equipment taxable under section 4061 (a));

(G) In the case of a communication, detection, or navigation receiver of the type used in commercial, military, or marine installations, resold to the United States for its exclusive use;

(H) In the case of gasoline, used in production of special motor fuels referred to in section 4041 (b).

(3) **TAX-PAID ARTICLES USED FOR FURTHER MANUFACTURE.**—If the tax imposed by chapter 32 has been paid with respect to the sale of—

(A) Any article (other than a tire, inner tube, or automobile radio or television receiving set taxable under section 4141) purchased by a manufacturer or producer and used by him as material in the manufacture or production of, or as a component part of, an article with respect to which tax under chapter 32 has been paid, or which has been sold free of tax by virtue of section 4220 or 4224, relating to tax-free sales;

(B) Any article described in sections 4142 and 4143 (b) purchased by a manufacturer or producer and used by him as material in the manufacture or production of, or as a component part of, communication, detection, or navigation receivers of the type used in commercial, military, or marine installations if such receivers have been sold by him to the United States for its exclusive use;

such tax shall be deemed an overpayment by such manufacturer or producer.

(c) **CREDIT FOR TAX PAID ON TIRES, INNER TUBES, RADIOS OR TELEVISION RECEIVING SETS.**—If tires, inner tubes, or automobile radio or television receiving sets on which tax has been imposed under chapter 32 are sold on or in connection with, or with the sale of, an article taxable under section 4061 (a) (relating to automobiles, trucks, etc.), there shall (under regulations prescribed by the Secretary or his delegate) be credited, without interest, against the tax under section 4061 an amount equal to, in the case of an article taxable under paragraph (1) or (2) of subsection (a) of section 4061, the applicable percentage rate of tax provided in such subsections—

(1) Of the purchase price (less, in the case of tires, the part of such price attributable to the metal rim or rim base) if such tires or inner tubes were taxable under section 4071 (relating to tax on tires and inner tubes) or, in the case of automobile radio or television receiving sets, if such sets were taxable under section 4141; or

(2) If such tires, inner tubes, or automobile radio or television receiving sets were taxable under section 4218 (relating to use by manufacturer, producer, or importer), then of the price (less, in the case of tires, the part of such price attributable to the metal rim or rim base) at which such or similar tires, inner tubes, or sets are sold, in the ordinary course of trade, by manufacturers, producers, or importers thereof, as determined by the Secretary or his delegate.

(d) **MECHANICAL PENCILS TAXABLE AS JEWELRY.**—If any article, on the sale of which tax has been paid under section 4201, is further manufactured or processed resulting in an article taxable under section 4001, the person who sells such article at retail shall, in the computation of the retailers' excise tax due on such sale, be entitled to a credit or refund, without interest, in an amount equal to the tax paid under section 4201.

(e) **REFUND TO EXPORTER OR SHIPPER.**—Under regulations prescribed by the Secretary or his delegate the amount of any tax imposed

by subchapter E of chapter 31, or chapter 32 erroneously or illegally collected in respect of any article exported to a foreign country or shipped to a possession of the United States may be refunded to the exporter or shipper thereof, if the person who paid such tax waives his claim to such amount.

(f) **CREDIT ON RETURNS.**—Any person entitled to a refund of tax imposed by chapter 31 or 32 or section 4281, paid to the Secretary or his delegate may, instead of filing a claim for refund, take credit therefor against taxes imposed by such chapter or section due on any subsequent return.

SEC. 6417. COCONUT AND PALM OIL.

(a) **SALES TO STATES OR POLITICAL SUBDIVISIONS.**—Subject to such rules or regulations as the Secretary or his delegate may prescribe, any person who has sold to a State, or a political subdivision thereof, for use in the exercise of an essential governmental function any article containing any oil, combination, or mixture, upon the processing of which a tax has been paid under section 4511, shall be entitled to a credit or refund of the tax paid with respect to the quantity of such oil, combination, or mixture contained in such article.

(b) **EXPORTATION.**—Upon the exportation to any foreign country or to a possession of the United States of any article, wholly or in chief value of an article, with respect to the processing of which a tax has been paid under subchapter B of chapter 37, the exporter thereof shall be entitled to a refund of the amount of such tax.

SEC. 6418. SUGAR.

(a) **USE AS LIVESTOCK FEED OR FOR DISTILLATION OF ALCOHOL.**—Upon the use of any manufactured sugar, or article manufactured therefrom, as livestock feed, or in the production of livestock feed, or for the distillation of alcohol, there shall be paid by the Secretary or his delegate to the person so using such manufactured sugar, or article manufactured therefrom, the amount of any tax paid under section 4501 (a) with respect thereto.

(b) **EXPORTATION.**—Upon the exportation from the United States to a foreign country, or the shipment from the United States to any possession of the United States except Puerto Rico, of any manufactured sugar, or any article manufactured wholly or partly from manufactured sugar, with respect to which tax under the provisions of section 4501 (a) has been paid, the amount of such tax shall be paid by the Secretary or his delegate to the consignor named in the bill of lading under which the article was exported or shipped to a possession, or to the shipper, or to the manufacturer of the manufactured sugar or of the articles exported, if the consignor waives any claim thereto in favor of such shipper or manufacturer; except that no such payment shall be allowed with respect to any manufactured sugar, or article, upon which, through substitution or otherwise, a drawback of any tax paid under section 4501 (b) has been or is to be claimed under any provisions of law made applicable by section 4504.

SEC. 6419. EXCISE TAX ON WAGERING.

(a) **CREDIT OR REFUND GENERALLY.**—No overpayment of tax imposed by chapter 35 shall be credited or refunded (otherwise than under subsection (b)), in pursuance of a court decision or otherwise, unless the person who paid the tax establishes, in accordance with

regulations prescribed by the Secretary or his delegate, (1) that he has not collected (whether as a separate charge or otherwise) the amount of the tax from the person who placed the wager on which the tax was imposed, or (2) that he has repaid the amount of the tax to the person who placed such wager, or unless he files with the Secretary or his delegate written consent of the person who placed such wager to the allowance of the credit or the making of the refund. In the case of any laid-off wager, no overpayment of tax imposed by chapter 35 shall be so credited or refunded to the person with whom such laid-off wager was placed unless he establishes, in accordance with regulations prescribed by the Secretary or his delegate, that the provisions of the preceding sentence have been complied with both with respect to the person who placed the laid-off wager with him and with respect to the person who placed the original wager.

(b) CREDIT OR REFUND ON WAGERS LAID-OFF BY TAXPAYER.—Where any taxpayer lays off part or all of a wager with another person who is liable for tax imposed by chapter 35 on the amount so laid off, a credit against such tax shall be allowed, or a refund shall be made to, the taxpayer laying off such amount. Such credit or refund shall be in an amount which bears the same ratio to the amount of tax which such taxpayer paid on the original wager as the amount so laid off bears to the amount of the original wager. Credit or refund under this subsection shall be allowed or made only in accordance with regulations prescribed by the Secretary or his delegate; and no interest shall be allowed with respect to any amount so credited or refunded.

SEC. 6420. CROSS REFERENCES.

(1) For limitations on credits and refunds, see subchapter B of chapter 66.

(2) For overpayment arising out of adjustments incident to involuntary liquidation of inventory, see section 1321.

(3) For overpayment in case of adjustments to accrued foreign taxes, see section 905 (c).

(4) For credit or refund in case of deficiency dividends paid by a personal holding company, see section 547.

(5) For refund, credit, or abatement of amounts disallowed by courts upon review of Tax Court decision, see section 7486.

(6) For abatement or refund of tax on transfers to avoid income tax, see section 1494 (b).

(7) For abatement or refund in case of tax on silver bullion, see section 4894.

(8) For overpayment in certain renegotiations of war contracts, see section 1481.

(9) For refund or redemption of stamps, see chapter 69.

(10) For abatement, credit, or refund in case of jeopardy assessments, see chapter 70.

(11) For treatment of certain overpayments as having been refunded, in connection with sale of surplus war-built vessels, see section 9 (b) (8) of the Merchant Ship Sales Act of 1946 (60 Stat. 48; 50 U. S. C. App. 1742).

(12) For restrictions on transfers and assignments of claims against the United States, see R. S. 3477 (31 U. S. C. 203).

(13) For set-off of claims against amounts due the United States, see the act of March 3, 1875, as amended by section 13 of the act of March 3, 1933 (47 Stat. 1516; 31 U. S. C. 227).

(14) For special provisions relating to alcohol and tobacco taxes, see sections 5011, 5044, 5057, 5063, 5705, and 5707.

CHAPTER 66—LIMITATIONS

- SUBCHAPTER A. Limitations on assessment and collection.
- SUBCHAPTER B. Limitations on credit or refund.
- SUBCHAPTER C. Mitigation of effect of period of limitations.
- SUBCHAPTER D. Periods of limitation in judicial proceedings.

Subchapter A—Limitations on Assessment and Collection

- Sec. 6501. Limitations on assessment and collection.
- Sec. 6502. Collection after assessment.
- Sec. 6503. Suspension of running of period of limitation.
- Sec. 6504. Cross references.

SEC. 6501. LIMITATIONS ON ASSESSMENT AND COLLECTION.

(a) **GENERAL RULE.**—Except as otherwise provided in this section, the amount of any tax imposed by this title shall be assessed within 3 years after the return was filed (whether or not such return was filed on or after the date prescribed) or, if the tax is payable by stamp, within 3 years after such tax became due, and no proceeding in court without assessment for the collection of such tax shall be begun after the expiration of such period.

(b) **TIME RETURN DEEMED FILED.**—

(1) **EARLY RETURN.**—For purposes of this section, a return of tax imposed by this title, except tax imposed by chapter 21 or 24, filed before the last day prescribed by law or by regulations promulgated pursuant to law for the filing thereof, shall be considered as filed on such last day.

(2) **RETURN OF CERTAIN EMPLOYMENT TAXES.**—For purposes of this section, if a return of tax imposed by chapter 21 or 24 for any period ending with or within a calendar year is filed before April 15 of the succeeding calendar year, such return shall be considered filed on April 15 of such calendar year.

(3) **RETURN EXECUTED BY SECRETARY.**—Notwithstanding the provisions of paragraph (2) of section 6020 (b), the execution of a return by the Secretary or his delegate pursuant to the authority conferred by such section shall not start the running of the period of limitations on assessment and collection.

(c) **EXCEPTIONS.**—

(1) **FALSE RETURN.**—In the case of a false or fraudulent return with the intent to evade tax, the tax may be assessed, or a proceeding in court for collection of such tax may be begun without assessment, at any time.

(2) **WILLFUL ATTEMPT TO EVADE TAX.**—In case of a willful attempt in any manner to defeat or evade tax imposed by this title (other than tax imposed by subtitle A or B), the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

(3) **NO RETURN.**—In the case of failure to file a return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

(4) **EXTENSION BY AGREEMENT.**—Where, before the expiration of the time prescribed in this section for the assessment of any tax imposed by this title, except the estate tax provided in chapter 11, both the Secretary or his delegate and the taxpayer have consented in writing to its assessment after such time, the tax may be assessed at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

(5) **TAX RESULTING FROM CHANGES IN CERTAIN INCOME TAX OR ESTATE TAX CREDITS.**—

For special rules applicable in cases where the adjustment of certain taxes allowed as a credit against income taxes or estate taxes results in additional tax, see section 905 (c) (relating to the foreign tax credit for income tax purposes) and section 2016 (relating to taxes of foreign countries, States, etc., claimed as credit against estate taxes).

(d) **REQUEST FOR PROMPT ASSESSMENT.**—Except as otherwise provided in subsection (c), in the case of any tax (other than the tax imposed by chapter 11 of subtitle B, relating to estate taxes) for which return is required in the case of a decedent, or by his estate during the period of administration, or by a corporation, the tax shall be assessed, and any proceeding in court without assessment for the collection of such tax shall be begun, within 18 months after written request therefor (filed after the return is made and filed in such manner and such form as may be prescribed by regulations of the Secretary or his delegate) by the executor, administrator, or other fiduciary representing the estate of such decedent, or by the corporation, but not after the expiration of 3 years after the return was filed. This subsection shall not apply in the case of a corporation unless—

(1) Such written request notifies the Secretary or his delegate that the corporation contemplates dissolution at or before the expiration of such 18-month period; and

(2) The dissolution is in good faith begun before the expiration of such 18-month period; and

(3) The dissolution is completed.

(e) **OMISSION FROM GROSS INCOME.**—Except as otherwise provided in subsection (c)—

(1) **INCOME TAXES.**—In the case of any tax imposed by subtitle A—

(A) **GENERAL RULE.**—If the taxpayer omits from gross income an amount properly includible therein which is in excess of 25 percent of the amount of gross income stated in the return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time within 6 years after the return was filed. For purposes of this subparagraph—

(i) In the case of a trade or business, the term "gross income" means the total of the amounts received or accrued from the sale of goods or services (if such amounts are required to be shown on the return) prior to diminution by the cost of such sales or services; and

(ii) In determining the amount omitted from gross income, there shall not be taken into account any amount which is omitted from gross income stated in the return if such amount is disclosed in the return, or in a statement attached to the return, in a manner adequate to apprise the Secretary or his delegate of the nature and amount of such item.

(B) CONSTRUCTIVE DIVIDENDS.—If the taxpayer omits from gross income an amount properly includible therein under section 551 (b) (relating to the inclusion in the gross income of United States shareholders of their distributive shares of the undistributed foreign personal holding company income), the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time within 6 years after the return was filed.

(2) ESTATE AND GIFT TAXES.—In the case of a return of estate tax under chapter 11 or a return of gift tax under chapter 12, if the taxpayer omits from the gross estate or from the total amount of the gifts made during the year items includible in such gross estate or such total gifts, as the case may be, as exceed in amount 25 percent of the gross estate stated in the return or the total amount of gifts stated in the return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time within 6 years after the return was filed. In determining the items omitted from the gross estate or the total gifts, there shall not be taken into account any item which is omitted from the gross estate or from the total gifts stated in the return if such item is disclosed in the return, or in a statement attached to the return, in a manner adequate to apprise the Secretary or his delegate of the nature and amount of such item.

(f) PERSONAL HOLDING COMPANY TAX.—If a corporation which is a personal holding company for any taxable year fails to file with its return under chapter 1 for such year a schedule setting forth—

(1) the items of gross income, described in section 543 (a), received by the corporation during such year, and

(2) the names and addresses of the individuals who owned, within the meaning of section 544 (relating to rules for determining stock ownership), at any time during the last half of such year more than 50 percent in value of the outstanding capital stock of the corporation,

the personal holding company tax for such year may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time within 6 years after the return for such year was filed.

(g) CERTAIN INCOME TAX RETURNS OF CORPORATIONS.—

(1) TRUSTS OR PARTNERSHIPS.—If a taxpayer determines in good faith that it is a trust or partnership and files a return as such under subtitle A, and if such taxpayer is thereafter held to be a corporation for the taxable year for which the return is filed, such return shall be deemed the return of the corporation for purposes of this section.

(2) EXEMPT ORGANIZATIONS.—If a taxpayer determines in good faith that it is an exempt organization and files a return as such under section 6033, and if such taxpayer is thereafter held to be a

taxable corporation for the taxable year for which the return is filed, such return shall be deemed the return of the corporation for purposes of this section.

(h) JOINT INCOME RETURN AFTER SEPARATE RETURN.—

For period of limitations for assessment and collection in the case of a joint income return filed after separate returns have been filed, see section 6013 (b) (3) and (4).

SEC. 6502. COLLECTION AFTER ASSESSMENT.

(a) LENGTH OF PERIOD.—Where the assessment of any tax imposed by this title has been made within the period of limitation properly applicable thereto, such tax may be collected by levy or by a proceeding in court, but only if the levy is made or the proceeding begun—

(1) within 6 years after the assessment of the tax, or

(2) prior to the expiration of any period for collection agreed upon in writing by the Secretary or his delegate and the taxpayer before the expiration of such 6-year period (or, if there is a release of levy under section 6343 after such 6-year period, then before such release).

The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

(b) DATE WHEN LEVY IS CONSIDERED MADE.—The date on which a levy on property or rights to property is made shall be the date on which the notice of seizure provided in section 6335 (a) is given.

SEC. 6503. SUSPENSION OF RUNNING OF PERIOD OF LIMITATION.

(a) ISSUANCE OF STATUTORY NOTICE OF DEFICIENCY.—

(1) GENERAL RULE.—The running of the period of limitations provided in section 6501 or 6502 on the making of assessments or the collection by levy or a proceeding in court, in respect of any deficiency as defined in section 6211 (relating to income, estate, and gift taxes), shall (after the mailing of a notice under section 6212(a)) be suspended for the period during which the Secretary or his delegate is prohibited from making the assessment or from collecting by levy or a proceeding in court (and in any event, if a proceeding in respect of the deficiency is placed on the docket of the Tax Court, until the decision of the Tax Court becomes final), and for 60 days thereafter.

(2) CORPORATION JOINING IN CONSOLIDATED INCOME TAX RETURN.—If a notice under section 6212 (a) in respect of a deficiency in tax imposed by subtitle A for any taxable year is mailed to a corporation, the suspension of the running of the period of limitations provided in paragraph (1) of this subsection shall apply in the case of corporations with which such corporation made a consolidated income tax return for such taxable year.

(b) ASSETS OF TAXPAYER IN CONTROL OR CUSTODY OF COURT.—The period of limitations on collection after assessment prescribed in section 6502 shall be suspended for the period the assets of the taxpayer (other than the estate of a decedent or of an incompetent) are in the control or custody of the court in any proceeding before any court of the United States or of any State or Territory or of the District of Columbia, and for 6 months thereafter.

(c) LOCATION OF PROPERTY OUTSIDE THE UNITED STATES OR REMOVAL OF PROPERTY FROM THE UNITED STATES.—In case collection

is hindered or delayed because property of the taxpayer is situated or held outside the United States or is removed from the United States, the period of limitations on collection after assessment prescribed in section 6502 shall be suspended for the period collection is so hindered or delayed. The total suspension of time under this subsection shall not in the aggregate exceed 6 years.

(d) **EXTENSIONS OF TIME FOR PAYMENT OF ESTATE TAX.**—The running of the period of limitations for assessment or collection of any tax imposed by chapter 11 shall be suspended for the period of any extension of time for payment granted under the provisions of section 6161 (a) (2) or (b) (2).

(e) **CROSS REFERENCES.**—

For suspension in case of—

(1) Deficiency dividends of a personal holding company, see section 547 (f).

(2) Bankruptcy and receiverships, see subchapter B of chapter 70.

(3) Claims against transferees and fiduciaries, see chapter 71.

SEC. 6504. CROSS REFERENCES.

For limitation period in case of—

(1) Adjustments incident to involuntary liquidation of inventory, see section 1321.

(2) Adjustments to accrued foreign taxes, see section 905 (c).

(3) Change of election to take standard deduction where taxpayer and his spouse make separate returns, see section 144 (b).

(4) Involuntary conversion of property, see section 1033 (a) (3) (C) and (D).

(5) Gain upon sale or exchange of residence, see section 1034 (j).

(6) War loss recoveries where prior benefit rule is elected, see section 1335.

(7) Recovery of unconstitutional Federal taxes, see section 1346.

(8) Limitations on deductions allowable to individuals in certain cases, see section 270 (d).

(9) Application by executor for discharge from personal liability for estate tax, see section 2204.

(10) Insolvent banks and trust companies, see section 7507.

(11) Service in a combat zone, etc., see section 7508.

(12) Claims against transferees and fiduciaries, see chapter 71.

Subchapter B—Limitations on Credit or Refund

Sec. 6511. Limitations on credit or refund.

Sec. 6512. Limitations in case of petition to Tax Court.

Sec. 6513. Time return deemed filed and tax considered paid.

Sec. 6514. Credits or refunds after period of limitation.

Sec. 6515. Cross references.

SEC. 6511. LIMITATIONS ON CREDIT OR REFUND.

(a) **PERIOD OF LIMITATION ON FILING CLAIM.**—Claim for credit or refund of an overpayment of any tax imposed by this title in respect of which tax the taxpayer is required to file a return shall be filed by the taxpayer within 3 years from the time the return was required to be filed (determined without regard to any extension of time) or 2 years from the time the tax was paid, whichever of such periods expires the later, or if no return was filed by the taxpayer, within 2 years from the time the tax was paid. Claim for credit or refund of an overpayment of any tax imposed by this title which is required to be paid by means of a stamp shall be filed by the taxpayer within 3 years from the time the tax was paid.

(b) **LIMITATION ON ALLOWANCE OF CREDITS AND REFUNDS.**—

(1) **FILING OF CLAIM WITHIN PRESCRIBED PERIOD.**—No credit or refund shall be allowed or made after the expiration of the period of limitation prescribed in subsection (a) for the filing of a claim for credit or refund, unless a claim for credit or refund is filed by the taxpayer within such period.

(2) **LIMIT ON AMOUNT OF CREDIT OR REFUND.**—

(A) **LIMIT TO AMOUNT PAID WITHIN 3 YEARS.**—If the claim was filed by the taxpayer during the 3-year period prescribed in subsection (a), the amount of the credit or refund shall not exceed the portion of the tax paid within the 3 years immediately preceding the filing of the claim. If the tax was required to be paid by means of a stamp, the amount of the credit or refund shall not exceed the portion of the tax paid within the 3 years immediately preceding the filing of the claim.

(B) **LIMIT TO AMOUNT PAID WITHIN 2 YEARS.**—If the claim was not filed within such 3-year period, the amount of the credit or refund shall not exceed the portion of the tax paid during the 2 years immediately preceding the filing of the claim.

(C) **LIMIT IF NO CLAIM FILED.**—If no claim was filed, the credit or refund shall not exceed the amount which would be allowable under subparagraph (A) or (B), as the case may be, if claim was filed on the date the credit or refund is allowed.

(c) **SPECIAL RULES APPLICABLE IN CASE OF EXTENSION OF TIME BY AGREEMENT.**—If an agreement under the provisions of section 6501 (c) (4) extending the period for assessment of a tax imposed by this title is made within the period prescribed in subsection (a) for the filing of a claim for credit or refund—

(1) **TIME FOR FILING CLAIM.**—The period for filing claim for credit or refund or for making credit or refund if no claim is filed,

provided in subsections (a) and (b) (1), shall not expire prior to 6 months after the expiration of the period within which an assessment may be made pursuant to the agreement or any extension thereof under section 6501 (c) (4).

(2) **LIMIT ON AMOUNT.**—If a claim is filed, or a credit or refund is allowed when no claim was filed, after the execution of the agreement and within 6 months after the expiration of the period within which an assessment may be made pursuant to the agreement or any extension thereof, the amount of the credit or refund shall not exceed the portion of the tax paid after the execution of the agreement and before the filing of the claim or the making of the credit or refund, as the case may be, plus the portion of the tax paid within the period which would be applicable under subsection (b) (2) if a claim had been filed on the date the agreement was executed.

(3) **CLAIMS NOT SUBJECT TO SPECIAL RULE.**—This subsection shall not apply in the case of a claim filed, or credit or refund allowed if no claim is filed, either—

(A) prior to the execution of the agreement or

(B) more than 6 months after the expiration of the period within which an assessment may be made pursuant to the agreement or any extension thereof.

(d) **SPECIAL RULES APPLICABLE TO INCOME TAXES.**—

(1) **SEVEN-YEAR PERIOD OF LIMITATION WITH RESPECT TO BAD DEBTS AND WORTHLESS SECURITIES.**—If the claim for credit or refund relates to an overpayment of tax imposed by subtitle A on account of—

(A) The deductibility by the taxpayer, under section 166 or section 832 (c), of a debt as a debt which became worthless, or, under section 165 (g), of a loss from worthlessness of a security, or

(B) The effect that the deductibility of a debt or loss described in subparagraph (A) has on the application to the taxpayer of a carryover,

in lieu of the 3-year period of limitation prescribed in subsection (a), the period shall be 7 years from the date prescribed by law for filing the return for the year with respect to which the claim is made. If the claim for credit or refund relates to an overpayment on account of the effect that the deductibility of such a debt or loss has on the application to the taxpayer of a carryback, the period shall be either 7 years from the date prescribed by law for filing the return for the year of the net operating loss which results in such carryback or the period prescribed in paragraph (2) of this subsection, whichever expires the later. In the case of a claim described in this paragraph the amount of the credit or refund may exceed the portion of the tax paid within the period prescribed in subsection (b) (2) or (c), whichever is applicable, to the extent of the amount of the overpayment attributable to the deductibility of items described in this paragraph.

(2) **SPECIAL PERIOD OF LIMITATION WITH RESPECT TO NET OPERATING LOSS CARRYBACKS.**—

(A) **PERIOD OF LIMITATION.**—If the claim for credit or refund relates to an overpayment attributable to a net operating loss carryback, in lieu of the 3-year period of limitation prescribed in

subsection (a), the period shall be that period which ends with the expiration of the 15th day of the 39th month following the end of the taxable year of the net operating loss which results in such carryback, or the period prescribed in subsection (c) in respect of such taxable year, whichever expires later. In the case of such a claim, the amount of the credit or refund may exceed the portion of the tax paid within the period provided in subsection (b) (2) or (c), whichever is applicable, to the extent of the amount of the overpayment attributable to such carryback.

(B) APPLICABLE RULES.—If the allowance of a credit or refund of an overpayment of tax attributable to a net operating loss carryback is otherwise prevented by the operation of any law or rule of law other than section 7122, relating to compromises, such credit or refund may be allowed or made, if claim therefor is filed within the period provided in subparagraph (A) of this paragraph. If the allowance of an application, credit, or refund of a decrease in tax determined under section 6411 (b) is otherwise prevented by the operation of any law or rule of law other than section 7122, such application, credit, or refund may be allowed or made if application for a tentative carryback adjustment is made within the period provided in section 6411 (a). In the case of any such claim for credit or refund or any such application for a tentative carryback adjustment, the determination by any court, including the Tax Court, in any proceeding in which the decision of the court has become final, shall be conclusive except with respect to the net operating loss deduction, and the effect of such deduction, to the extent that such deduction is affected by a carryback which was not in issue in such proceeding.

(3) SPECIAL RULES RELATING TO FOREIGN TAX CREDIT.—

(A) SPECIAL PERIOD OF LIMITATION WITH RESPECT TO FOREIGN TAXES PAID OR ACCRUED.—If the claim for credit or refund relates to an overpayment attributable to any taxes paid or accrued to any foreign country or to any possession of the United States for which credit is allowed against the tax imposed by subtitle A in accordance with the provisions of section 901 or the provisions of any treaty to which the United States is a party, in lieu of the 3-year period of limitation prescribed in subsection (a), the period shall be 10 years from the date prescribed by law for filing the return for the year with respect to which the claim is made.

(B) EXCEPTION IN THE CASE OF FOREIGN TAXES PAID OR ACCRUED.—In the case of a claim described in subparagraph (A), the amount of the credit or refund may exceed the portion of the tax paid within the period provided in subsection (b) or (c), whichever is applicable, to the extent of the amount of the overpayment attributable to the allowance of a credit for the taxes described in subparagraph (A).

(e) SPECIAL RULES IN CASE OF MANUFACTURED SUGAR.—

(1) USE AS LIVESTOCK FEED OR FOR DISTILLATION OF ALCOHOL.—No payment shall be allowed under section 6418 (a) unless within 2 years after the right to such payment has accrued a claim therefor is filed by the person entitled thereto.

(2) **EXPORTATION.**—No payment shall be allowed under section 6418 (b) unless within 2 years after the right to such payment has accrued a claim therefor is filed by the person entitled thereto.

(f) **CROSS REFERENCES.**—

(1) For time return deemed filed and tax considered paid, see section 6513.

(2) For limitations with respect to certain credits against estate tax, see sections 2011 (c), 2014 (b), and 2015.

(3) For limitations in case of floor stocks refunds, see section 6412.

(4) For a period of limitations for credit or refund in the case of joint income returns after separate returns have been filed, see section 6013 (b) (3).

SEC. 6512. LIMITATIONS IN CASE OF PETITION TO TAX COURT.

(a) **EFFECT OF PETITION TO TAX COURT.**—If the Secretary or his delegate has mailed to the taxpayer a notice of deficiency under section 6212 (a) (relating to deficiencies of income, estate, and gift taxes) and if the taxpayer files a petition with the Tax Court within the time prescribed in section 6213 (a), no credit or refund of income tax for the same taxable year, of gift tax for the same calendar year, or of estate tax in respect of the taxable estate of the same decedent, in respect of which the Secretary or his delegate has determined the deficiency shall be allowed or made and no suit by the taxpayer for the recovery of any part of the tax shall be instituted in any court except—

(1) As to overpayments determined by a decision of the Tax Court which has become final; and

(2) As to any amount collected in excess of an amount computed in accordance with the decision of the Tax Court which has become final; and

(3) As to any amount collected after the period of limitation upon the making of levy or beginning a proceeding in court for collection has expired; but in any such claim for credit or refund or in any such suit for refund the decision of the Tax Court which has become final, as to whether such period has expired before the notice of deficiency was mailed, shall be conclusive.

(b) **OVERPAYMENT DETERMINED BY TAX COURT.**—

(1) **JURISDICTION TO DETERMINE.**—If the Tax Court finds that there is no deficiency and further finds that the taxpayer has made an overpayment of income tax for the same taxable year, of gift tax for the same calendar year, or of estate tax in respect of the taxable estate of the same decedent, in respect of which the Secretary or his delegate determined the deficiency, or finds that there is a deficiency but that the taxpayer has made an overpayment of such tax, the Tax Court shall have jurisdiction to determine the amount of such overpayment, and such amount shall, when the decision of the Tax Court has become final, be credited or refunded to the taxpayer.

(2) **LIMIT ON AMOUNT OF CREDIT OR REFUND.**—No such credit or refund shall be allowed or made of any portion of the tax unless the Tax Court determines as part of its decision that such portion was paid—

(A) after the mailing of the notice of deficiency, or

(B) within the period which would be applicable under section 6511 (b) (2), (c), or (d), if on the date of the mailing of the notice of deficiency a claim had been filed (whether or not filed) stating

the grounds upon which the Tax Court finds that there is an overpayment.

SEC. 6513. TIME RETURN DEEMED FILED AND TAX CONSIDERED PAID.

(a) **EARLY RETURN OR ADVANCE PAYMENT OF TAX.**—For purposes of section 6511, any return filed before the last day prescribed for the filing thereof shall be considered as filed on such last day. For purposes of section 6511 (b) (2) and (c) and section 6512, payment of any portion of the tax made before the last day prescribed for the payment of the tax shall be considered made on such last day. For purposes of this subsection, the last day prescribed for filing the return or paying the tax shall be determined without regard to any extension of time granted the taxpayer and without regard to any election to pay the tax in installments.

(b) **PREPAID INCOME TAX.**—For purposes of section 6511 or 6512, any tax actually deducted and withheld at the source during any calendar year under chapter 24 shall, in respect of the recipient of the income, be deemed to have been paid by him on the 15th day of the fourth month following the close of his taxable year with respect to which such tax is allowable as a credit under section 31. For purposes of section 6511 or 6512, any amount paid as estimated income tax for any taxable year shall be deemed to have been paid on the last day prescribed for filing the return under section 6012 for such taxable year (determined without regard to any extension of time for filing such return).

(c) **RETURN AND PAYMENT OF SOCIAL SECURITY TAXES AND INCOME TAX WITHHOLDING.**—Notwithstanding subsection (a), for purposes of section 6511 with respect to any tax imposed by chapter 21 or 24—

(1) If a return for any period ending with or within a calendar year is filed before April 15 of the succeeding calendar year, such return shall be considered filed on April 15 of such succeeding calendar year; and

(2) If a tax with respect to remuneration paid during any period ending with or within a calendar year is paid before April 15 of the succeeding calendar year, such tax shall be considered paid on April 15 of such succeeding calendar year.

(d) **OVERPAYMENT OF INCOME TAX CREDITED TO ESTIMATED TAX.**—If any overpayment of income tax is, in accordance with section 6402 (b), claimed as a credit against estimated tax for the succeeding taxable year, such amount shall be considered as a payment of the income tax for the succeeding taxable year (whether or not claimed as a credit in the return of estimated tax for such succeeding taxable year), and no claim for credit or refund of such overpayment shall be allowed for the taxable year in which the overpayment arises.

SEC. 6514. CREDITS OR REFUNDS AFTER PERIOD OF LIMITATION.

(a) **CREDITS OR REFUNDS AFTER PERIOD OF LIMITATION.**—A refund of any portion of an internal revenue tax shall be considered erroneous and a credit of any such portion shall be considered void—

(1) **EXPIRATION OF PERIOD FOR FILING CLAIM.**—If made after the expiration of the period of limitation for filing claim therefor, unless within such period claim was filed; or

(2) **DISALLOWANCE OF CLAIM AND EXPIRATION OF PERIOD FOR FILING SUIT.**—In the case of a claim filed within the proper time and disallowed by the Secretary or his delegate, if the credit or refund was made after the expiration of the period of limitation for filing suit, unless within such period suit was begun by the taxpayer.

(3) **RECOVERY OF ERRONEOUS REFUNDS.**—

For procedure by the United States to recover erroneous refunds, see sections 6532 (b) and 7405.

(b) **CREDIT AFTER PERIOD OF LIMITATION.**—Any credit against a liability in respect of any taxable year shall be void if any payment in respect of such liability would be considered an overpayment under section 6401 (a).

SEC. 6515. CROSS REFERENCES.

For limitations in case of—

(1) Adjustments incident to involuntary liquidation of inventory, see section 1321.

(2) War loss recoveries where prior benefit rule is elected, see section 1335.

(3) Deficiency dividends of a personal holding company, see section 547.

(4) Overpayment in certain renegotiations of war contracts, see section 1481.

(5) Tentative carry-back adjustments, see section 6411.

(6) Service in a combat zone, etc., see section 7508.

(7) Suits for refund by taxpayers, see section 6532 (a).

Subchapter C—Mitigation of Effect of Period of Limitations

Sec. 6521. Mitigation of effect of limitation in case of related taxes under different chapters.

SEC. 6521. MITIGATION OF EFFECT OF LIMITATION IN CASE OF RELATED TAXES UNDER DIFFERENT CHAPTERS.

(a) **SELF-EMPLOYMENT TAX AND TAX ON WAGES.**—In the case of the tax imposed by chapter 2 (relating to tax on self-employment income) and the tax imposed by section 3101 (relating to tax on employees under the Federal Insurance Contributions Act)—

(1) If an amount is erroneously treated as self-employment income, or if an amount is erroneously treated as wages, and

(2) If the correction of the error would require an assessment of one such tax and the refund or credit of the other tax, and

(3) If at any time the correction of the error is authorized as to one such tax but is prevented as to the other tax by any law or rule of law (other than section 7122, relating to compromises), then, if the correction authorized is made, the amount of the assessment, or the amount of the credit or refund, as the case may be, authorized as to the one tax shall be reduced by the amount of the credit or refund, or the amount of the assessment, as the case may be, which would be required with respect to such other tax for the correction of the error if such credit or refund, or such assessment, of such other tax were not prevented by any law or rule of law (other than section 7122, relating to compromises).

(b) **DEFINITIONS.**—For purposes of subsection (a), the terms “self-employment income” and “wages” shall have the same meaning as when used in section 1402 (b).

Subchapter D—Periods of Limitation in Judicial Proceedings

Sec. 6531. Periods of limitation on criminal prosecutions.

Sec. 6532. Periods of limitation on suits.

Sec. 6533. Cross references.

SEC. 6531. PERIODS OF LIMITATION ON CRIMINAL PROSECUTIONS.

No person shall be prosecuted, tried, or punished for any of the various offenses arising under the internal revenue laws unless the indictment is found or the information instituted within 3 years next after the commission of the offense, except that the period of limitation shall be 6 years—

(1) for offenses involving the defrauding or attempting to defraud the United States or any agency thereof, whether by conspiracy or not, and in any manner;

(2) for the offense of willfully attempting in any manner to evade or defeat any tax or the payment thereof;

(3) for the offense of willfully aiding or assisting in, or procuring, counseling, or advising, the preparation or presentation under, or in connection with any matter arising under, the internal revenue laws, of a false or fraudulent return, affidavit, claim, or document (whether or not such falsity or fraud is with the knowledge or consent of the person authorized or required to present such return, affidavit, claim, or document);

(4) for the offense of willfully failing to pay any tax, or make any return (other than a return required under authority of part III of subchapter A of chapter 61) at the time or times required by law or regulations;

(5) for offenses described in sections 7206 (1) and 7207 (relating to false statements and fraudulent documents);

(6) for the offense described in section 7212 (a) (relating to intimidation of officers and employees of the United States);

(7) for offenses described in section 7214 (a) committed by officers and employees of the United States; and

(8) for offenses arising under section 371 of Title 18 of the United States Code, where the object of the conspiracy is to attempt in any manner to evade or defeat any tax or the payment thereof.

The time during which the person committing any of the various offenses arising under the internal revenue laws is outside the United States or is a fugitive from justice within the meaning of section 3290 of Title 18 of the United States Code, shall not be taken as any part of the time limited by law for the commencement of such proceedings. (The preceding sentence shall also be deemed an amendment to section 3748 (a) of the Internal Revenue Code of 1939, and shall apply in lieu of the sentence in section 3748 (a) which relates to the time during which a person committing an offense is absent from the district wherein the same is committed, except that such amendment shall apply only if the period of limitations under section 3748 would, without the application of such amendment, expire more than 3 years

after the date of enactment of this title, and except that such period shall not, with the application of this amendment, expire prior to the date which is 3 years after the date of enactment of this title.) Where a complaint is instituted before a commissioner of the United States within the period above limited, the time shall be extended until the date which is 9 months after the date of the making of the complaint before the commissioner of the United States. For the purpose of determining the periods of limitation on criminal prosecutions, the rules of section 6513 shall be applicable.

SEC. 6532. PERIODS OF LIMITATION ON SUITS.

(a) SUITS BY TAXPAYERS FOR REFUND.—

(1) GENERAL RULE.—No suit or proceeding under section 7422 (a) for the recovery of any internal revenue tax, penalty, or other sum, shall be begun before the expiration of 6 months from the date of filing the claim required under such section unless the Secretary or his delegate renders a decision thereon within that time, nor after the expiration of 2 years from the date of mailing by registered mail by the Secretary or his delegate to the taxpayer of a notice of the disallowance of the part of the claim to which the suit or proceeding relates.

(2) EXTENSION OF TIME.—The 2-year period prescribed in paragraph (1) shall be extended for such period as may be agreed upon in writing between the taxpayer and the Secretary or his delegate.

(3) WAIVER OF NOTICE OF DISALLOWANCE.—If any person files a written waiver of the requirement that he be mailed a notice of disallowance, the 2-year period prescribed in paragraph (1) shall begin on the date such waiver is filed.

(4) RECONSIDERATION AFTER MAILING OF NOTICE.—Any consideration, reconsideration, or action by the Secretary or his delegate with respect to such claim following the mailing of a notice by registered mail of disallowance shall not operate to extend the period within which suit may be begun.

(b) SUITS BY UNITED STATES FOR RECOVERY OF ERRONEOUS REFUNDS.—Recovery of an erroneous refund by suit under section 7405 shall be allowed only if such suit is begun within 2 years after the making of such refund, except that such suit may be brought at any time within 5 years from the making of the refund if it appears that any part of the refund was induced by fraud or misrepresentation of a material fact.

SEC. 6533. CROSS REFERENCES.

(1) For period of limitation in respect of civil actions for fines, penalties, and forfeitures, see section 2462 of Title 28 of the United States Code.

(2) For extensions of time by reason of armed service in a combat zone, see section 7508.

(3) For suspension of running of statute until 3 years after termination of hostilities, see section 3287 of Title 18.

CHAPTER 67—INTEREST

SUBCHAPTER A. Interest on underpayments.

SUBCHAPTER B. Interest on overpayments.

Subchapter A—Interest on Underpayments

Sec. 6601. Interest on underpayment, nonpayment, or extensions of time for payment, of tax.

Sec. 6602. Interest on erroneous refund recoverable by suit.

SEC. 6601. INTEREST ON UNDERPAYMENT, NONPAYMENT, OR EXTENSIONS OF TIME FOR PAYMENT, OF TAX.

(a) **GENERAL RULE.**—If any amount of tax imposed by this title (whether required to be shown on a return, or to be paid by stamp or by some other method) is not paid on or before the last date prescribed for payment, interest on such amount at the rate of 6 percent per annum shall be paid for the period from such last date to the date paid.

(b) **EXTENSIONS OF TIME FOR PAYMENT OF ESTATE TAX.**—If the time for payment of an amount of tax imposed by chapter 11 is extended as provided in section 6161 (a) (2) or if postponement of the payment of an amount of such tax is permitted by section 6163 (a), interest shall be paid at the rate of 4 percent, in lieu of 6 percent as provided in subsection (a).

(c) **LAST DATE PRESCRIBED FOR PAYMENT.**—For purposes of this section, the last date prescribed for payment of the tax shall be determined under chapter 62 with the application of the following rules:

(1) **EXTENSIONS OF TIME DISREGARDED.**—The last date prescribed for payment shall be determined without regard to any extension of time for payment.

(2) **INSTALLMENT PAYMENTS.**—In the case of an election under section 6152 (a) to pay the tax in installments—

(A) The date prescribed for payment of each installment of the tax shown on the return shall be determined under section 6152 (b), and

(B) The last date prescribed for payment of the first installment shall be deemed the last date prescribed for payment of any portion of the tax not shown on the return.

(3) **JEOPARDY.**—The last date prescribed for payment shall be determined without regard to any notice and demand for payment issued, by reason of jeopardy (as provided in chapter 70), prior to the last date otherwise prescribed for such payment.

(4) **LAST DATE FOR PAYMENT NOT OTHERWISE PRESCRIBED.**—In the case of taxes payable by stamp and in all other cases in which the last date for payment is not otherwise prescribed, the last date for payment shall be deemed to be the date the liability for tax arises (and in no event shall be later than the date notice and demand for the tax is made by the Secretary or his delegate).

(d) **SUSPENSION OF INTEREST IN CERTAIN INCOME, ESTATE, AND GIFT TAX CASES.**—In the case of a deficiency as defined in section 6211 (relating to income, estate, and gift taxes), if a waiver of restrictions under section 6213 (d) on the assessment of such deficiency has been filed, and if notice and demand by the Secretary or his delegate for payment of such deficiency is not made within 30 days after the filing of such waiver, interest shall not be imposed on such deficiency for the period beginning immediately after such 30th day and ending with the date of notice and demand.

(e) **INCOME TAX REDUCED BY CARRYBACK.**—If the amount of any tax imposed by subtitle A is reduced by reason of a carryback of a net operating loss, such reduction in tax shall not affect the computation of interest under this section for the period ending with the last day of the taxable year in which the net operating loss arises.

(f) **APPLICABLE RULES.**—Except as otherwise provided in this title—

(1) **INTEREST TREATED AS TAX.**—Interest prescribed under this section on any tax shall be paid upon notice and demand, and shall be assessed, collected, and paid in the same manner as taxes. Any reference in this title (except subchapter B of chapter 63, relating to deficiency procedures) to any tax imposed by this title shall be deemed also to refer to interest imposed by this section on such tax.

(2) **NO INTEREST ON INTEREST.**—No interest under this section shall be imposed on the interest provided by this section.

(3) **INTEREST ON PENALTIES, ADDITIONAL AMOUNTS, OR ADDITIONS TO THE TAX.**—Interest shall be imposed under subsection (a) in respect of any assessable penalty, additional amount, or addition to the tax only if such assessable penalty, additional amount, or addition to the tax is not paid within 10 days from the date of notice and demand therefor, and in such case interest shall be imposed only for the period from the date of the notice and demand to the date of payment.

(4) **PAYMENTS MADE WITHIN 10 DAYS AFTER NOTICE AND DEMAND.**—If notice and demand is made for payment of any amount, and if such amount is paid within 10 days after the date of such notice and demand, interest under this section on the amount so paid shall not be imposed for the period after the date of such notice and demand.

(g) **EXCEPTION AS TO ESTIMATED TAX.**—This section shall not apply to any failure to pay estimated tax required by section 6153 (or section 59 of the Internal Revenue Code of 1939) or section 6154.

(h) **NO INTEREST ON CERTAIN ADJUSTMENTS.**—

For provisions prohibiting interest on certain adjustments in tax, see section 6205 (a).

SEC. 6602. INTEREST ON ERRONEOUS REFUND RECOVERABLE BY SUIT.

Any portion of an internal revenue tax (or any interest, assessable penalty, additional amount, or addition to tax) which has been erroneously refunded, and which is recoverable by suit pursuant to section 7405, shall bear interest at the rate of 6 percent per annum from the date of the payment of the refund.

Subchapter B—Interest on Overpayments

Sec. 6611. Interest on overpayments.

Sec. 6612. Cross references.

SEC. 6611. INTEREST ON OVERPAYMENTS.

(a) **RATE.**—Interest shall be allowed and paid upon any overpayment in respect of any internal revenue tax at the rate of 6 percent per annum.

(b) **PERIOD.**—Such interest shall be allowed and paid as follows:

(1) **CREDITS.**—In the case of a credit, from the date of the overpayment to the due date of the amount against which the credit is taken, but if the amount against which the credit is taken is an additional assessment, then to the date of the assessment of that amount.

(2) **REFUNDS.**—In the case of a refund, from the date of the overpayment to a date (to be determined by the Secretary or his delegate) preceding the date of the refund check by not more than 30 days, whether or not such refund check is accepted by the taxpayer after tender of such check to the taxpayer. The acceptance of such check shall be without prejudice to any right of the taxpayer to claim any additional overpayment and interest thereon.

(c) **ADDITIONAL ASSESSMENT DEFINED.**—As used in this section, the term “additional assessment” means a further assessment for a tax of the same character previously paid in part, and includes the assessment of a deficiency (as defined in section 6211).

(d) **ADVANCE PAYMENT OF TAX, PAYMENT OF ESTIMATED TAX, AND CREDIT FOR INCOME TAX WITHHOLDING.**—The provisions of section 6513 (except the provisions of subsection (c) thereof), applicable in determining the date of payment of tax for purposes of determining the period of limitation on credit or refund, shall be applicable in determining the date of payment for purposes of subsection (a).

(e) **INCOME TAX REFUND WITHIN 45 DAYS OF DUE DATE OF TAX.**—If any overpayment of tax imposed by subtitle A is refunded within 45 days after the last date prescribed for filing the return of such tax (determined without regard to any extension of time for filing the return), no interest shall be allowed under subsection (a) on such overpayment.

(f) **REFUND OF INCOME TAX CAUSED BY CARRYBACK.**—For purposes of subsection (a), if any overpayment of tax imposed by subtitle A results from a carryback of a net operating loss, such overpayment shall be deemed not to have been made prior to the close of the taxable year in which such net operating loss arises.

(g) **PROHIBITION OF ADMINISTRATIVE REVIEW.**—

For prohibition of administrative review, see section 6406.

SEC. 6612. CROSS REFERENCES.**(a) INTEREST ON JUDGMENTS FOR OVERPAYMENTS.—**

For interest on judgments for overpayments, see 28 U. S. C. 2411 (a).

(b) ADJUSTMENTS.—

For provisions prohibiting interest on certain adjustments in tax, see section 6413 (a).

(c) OTHER RESTRICTIONS ON INTEREST.—

For other restrictions on interest, see section 2011 (c) (relating to refunds due to credit for State taxes), 2014 (e) (relating to refunds attributable to foreign tax credits), 6412 (relating to floor stock refunds), 6413 (d) (relating to taxes under the Federal Unemployment Tax Act), 6416 (relating to certain taxes on sales and services), and 6419 (relating to the excise tax on wagering).

(1) **CARRIAGE**—In the case of a credit from the date of the overpayment to the date of the amount against which the credit is taken, but if the amount against which the credit is taken is an additional assessment, then to the date of the assessment of that amount.

(2) **INTEREST**—In the case of a refund from the date of the overpayment to a date to be determined by the Secretary or his delegate, preceding the date of the refund check by not more than 30 days, whether or not such refund check is accepted by the taxpayer after tender of such check to the taxpayer. The acceptance of such check shall be without prejudice to any right of the taxpayer to claim any additional overpayment and interest thereon.

(3) **ADDITIONAL ASSESSMENT**—As used in this section, the term "additional assessment" means a further assessment for a tax of the same character previously paid in part, and includes the assessment of a deficiency (as defined in section 6211).

(4) **ADVANCE PAYMENT OF TAX**—PAYMENT OF ESTIMATED TAX, AND CREDIT FOR INCOME TAX WITHHOLDING.—The provisions of section 6213 (except the provisions of subsection (c) thereof), applicable in determining the date of payment of tax for purposes of determining the period of limitation on credit or refund, shall be applicable in determining the date of payment for purposes of subsection (a).

(5) **INCOME TAX RETURN WITHIN 45 DAYS OF DATE OF TAX**—If any overpayment of tax imposed by subtitle A is refunded within 45 days after the last date prescribed for filing the return of such tax (determined without regard to any extension of time for filing the return), no interest shall be allowed under subsection (a) on such overpayment.

(6) **REFUND OR INCOME TAX CAUSED BY CARRIAGE**—For purposes of subsection (a), if any overpayment of tax imposed by subtitle A results from a carryback of a net operating loss, such overpayment shall be deemed not to have been made prior to the close of the taxable year in which such net operating loss arises.

(7) **PROHIBITION OF ADMINISTRATIVE REVIEW**—

For prohibition of administrative review, see section 6405.

CHAPTER 68—ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND ASSESSABLE PENALTIES

SUBCHAPTER A. Additions to the tax and additional amounts.

SUBCHAPTER B. Assessable penalties.

Subchapter A—Additions to the Tax and Additional Amounts

Sec. 6651. Failure to file tax return.

Sec. 6652. Failure to file certain information returns.

Sec. 6653. Failure to pay tax.

Sec. 6654. Failure by individual to pay estimated income tax.

Sec. 6655. Failure by corporation to pay estimated income tax.

Sec. 6656. Failure to make deposit of taxes.

Sec. 6657. Bad checks.

Sec. 6658. Addition to tax in case of jeopardy.

Sec. 6659. Applicable rules.

SEC. 6651. FAILURE TO FILE TAX RETURN.

(a) **ADDITION TO THE TAX.**—In case of failure to file any return required under authority of subchapter A of chapter 61 (other than part III thereof), of subchapter A of chapter 51 (relating to distilled spirits, wines, and beer), or of subchapter A of chapter 52 (relating to tobacco, cigars, cigarettes, and cigarette papers and tubes), or of subchapter A of chapter 53 (relating to machine guns and certain other firearms), on the date prescribed therefor (determined with regard to any extension of time for filing), unless it is shown that such failure is due to reasonable cause and not due to willful neglect, there shall be added to the amount required to be shown as tax on such return 5 percent of the amount of such tax if the failure is for not more than 1 month, with an additional 5 percent for each additional month or fraction thereof during which such failure continues, not exceeding 25 percent in the aggregate.

(b) **PENALTY IMPOSED ON NET AMOUNT DUE.**—For purposes of subsection (a), the amount of tax required to be shown on the return shall be reduced by the amount of any part of the tax which is paid on or before the date prescribed for payment of the tax and by the amount of any credit against the tax which may be claimed upon the return.

(c) **EXCEPTION FOR DECLARATIONS OF ESTIMATED TAX.**—This section shall not apply to any failure to file a declaration of estimated tax required by section 6015 or section 6016.

SEC. 6652. FAILURE TO FILE CERTAIN INFORMATION RETURNS.

(a) **ADDITIONAL AMOUNT.**—In case of each failure to file a statement of a payment to another person, required under authority of section 6041 (relating to information at source), section 6042 (relating to payments of corporate dividends), section 6044 (relating to patronage dividends), section 6045 (relating to returns of brokers), or section 6051 (d) (relating to information returns with respect to income tax withheld), unless it is shown that such failure is due to reasonable cause

and not to willful neglect, there shall be paid by the person failing to file the statement, upon notice and demand by the Secretary or his delegate and in the same manner as tax, \$1 for each such statement not filed, but the total amount imposed on the delinquent person for all such failures during any calendar year shall not exceed \$1,000.

(b) **ALCOHOL AND TOBACCO TAXES.**—

For penalties for failure to file certain information returns with respect to alcohol and tobacco taxes, see, generally, subtitle E.

SEC. 6653. FAILURE TO PAY TAX.

(a) **NEGLIGENCE OR INTENTIONAL DISREGARD OF RULES AND REGULATIONS WITH RESPECT TO INCOME OR GIFT TAXES.**—If any part of any underpayment (as defined in subsection (c) (1)) of any tax imposed by subtitle A or by chapter 12 of subtitle B (relating to income taxes and gift taxes) is due to negligence or intentional disregard of rules and regulations (but without intent to defraud), there shall be added to the tax an amount equal to 5 percent of the underpayment.

(b) **FRAUD.**—If any part of any underpayment (as defined in subsection (c)) of tax required to be shown on a return is due to fraud, there shall be added to the tax an amount equal to 50 percent of the underpayment. In the case of income taxes and gift taxes, this amount shall be in lieu of any amount determined under subsection (a).

(c) **DEFINITION OF UNDERPAYMENT.**—For purposes of this section, the term “underpayment” means—

(1) **INCOME, ESTATE, AND GIFT TAXES.**—In the case of a tax to which section 6211 (relating to income, estate, and gift taxes) is applicable, a deficiency as defined in that section (except that, for this purpose, the tax shown on a return referred to in section 6211 (a) (1) (A) shall be taken into account only if such return was filed before the last day prescribed for the filing of such return, determined with regard to any extension of time for such filing), and

(2) **OTHER TAXES.**—In the case of any other tax, the amount by which such tax imposed by this title exceeds the excess of—

(A) The sum of—

(i) The amount shown as the tax by the taxpayer upon his return (determined without regard to any credit for an overpayment for any prior period, and without regard to any adjustment under authority of sections 6205 (a) and 6413 (a)), if a return was made by the taxpayer within the time prescribed for filing such return (determined with regard to any extension of time for such filing) and an amount was shown as the tax by the taxpayer thereon, plus

(ii) Any amount, not shown on the return, paid in respect of such tax, over—

(B) The amount of rebates made.

For purposes of subparagraph (B), the term “rebate” means so much of an abatement, credit, refund, or other repayment, as was made on the ground that the tax imposed was less than the excess of the amount specified in subparagraph (A) over the rebates previously made.

(d) **NO DELINQUENCY PENALTY IF FRAUD ASSESSED.**—If any penalty is assessed under subsection (b) (relating to fraud) for an underpayment of tax which is required to be shown on a return, no

penalty under section 6651 (relating to failure to file such return) shall be assessed with respect to the same underpayment.

(e) **FAILURE TO PAY STAMP TAX.**—Any person (as defined in section 6671 (b)) who willfully fails to pay any tax imposed by this title which is payable by stamp, coupons, tickets, books, or other devices or methods prescribed by this title or by regulations under authority of this title, or willfully attempts in any manner to evade or defeat any such tax or the payment thereof, shall, in addition to other penalties provided by law, be liable to a penalty of 50 percent of the total amount of the underpayment of the tax.

SEC. 6654. FAILURE BY INDIVIDUAL TO PAY ESTIMATED INCOME TAX.

(a) **ADDITION TO THE TAX.**—In the case of any underpayment of estimated tax by an individual, except as provided in subsection (d), there shall be added to the tax under chapter 1 for the taxable year an amount determined at the rate of 6 percent per annum upon the amount of the underpayment (determined under subsection (b)) for the period of the underpayment (determined under subsection (c)).

(b) **AMOUNT OF UNDERPAYMENT.**—For purposes of subsection (a), the amount of the underpayment shall be the excess of—

(1) The amount of the installment which would be required to be paid if the estimated tax were equal to 70 percent (66 $\frac{2}{3}$ percent in the case of individuals referred to in section 6073 (b), relating to income from farming) of the tax shown on the return for the taxable year or, if no return was filed, 70 percent (66 $\frac{2}{3}$ percent in the case of individuals referred to in section 6073 (b), relating to income from farming) of the tax for such year, over

(2) The amount, if any, of the installment paid on or before the last date prescribed for such payment.

(c) **PERIOD OF UNDERPAYMENT.**—The period of the underpayment shall run from the date the installment was required to be paid to whichever of the following dates is the earlier—

(1) The 15th day of the fourth month following the close of the taxable year.

(2) With respect to any portion of the underpayment, the date on which such portion is paid. For purposes of this paragraph, a payment of estimated tax on any installment date shall be considered a payment of any previous underpayment only to the extent such payment exceeds the amount of the installment determined under subsection (b) (1) for such installment date.

(d) **EXCEPTION.**—Notwithstanding the provisions of the preceding subsections, the addition to the tax with respect to any underpayment of any installment shall not be imposed if the total amount of all payments of estimated tax made on or before the last date prescribed for the payment of such installment equals or exceeds whichever of the following is the lesser—

(1) The amount which would have been required to be paid on or before such date if the estimated tax were whichever of the following is the least—

(A) The tax shown on the return of the individual for the preceding taxable year, if a return showing a liability for tax was filed by the individual for the preceding taxable year and such preceding year was a taxable year of 12 months, or

(B) An amount equal to the tax computed, at the rates applicable to the taxable year, on the basis of the taxpayer's status with respect to personal exemptions under section 151 for the taxable year, but otherwise on the basis of the facts shown on his return for, and the law applicable to, the preceding taxable year, or

(C) An amount equal to 70 percent (66% percent in the case of individuals referred to in section 6073 (b), relating to income from farming) of the tax for the taxable year computed by placing on an annualized basis the taxable income for the months in the taxable year ending before the month in which the installment is required to be paid. For purposes of this subparagraph, the taxable income shall be placed on an annualized basis by—

(i) multiplying by 12 (or, in the case of a taxable year of less than 12 months, the number of months in the taxable year) the taxable income (computed without deduction of personal exemptions) for the months in the taxable year ending before the month in which the installment is required to be paid,

(ii) dividing the resulting amount by the number of months in the taxable year ending before the month in which such installment date falls, and

(iii) deducting from such amount the deductions for personal exemptions allowable for the taxable year (such personal exemptions being determined as of the last date prescribed for payment of the installment); or

(2) An amount equal to 90 percent of the tax computed, at the rates applicable to the taxable year, on the basis of the actual taxable income for the months in the taxable year ending before the month in which the installment is required to be paid.

(e) APPLICATION OF SECTION IN CASE OF TAX WITHHELD ON WAGES.—For purposes of applying this section—

(1) The estimated tax shall be computed without any reduction for the amount which the individual estimates as his credit under section 31 (relating to tax withheld at source on wages), and

(2) The amount of the credit allowed under section 31 for the taxable year shall be deemed a payment of estimated tax, and an equal part of such amount shall be deemed paid on each installment date (determined under section 6153) for such taxable year, unless the taxpayer establishes the dates on which all amounts were actually withheld, in which case the amounts so withheld shall be deemed payments of estimated tax on the dates on which such amounts were actually withheld.

(f) TAX COMPUTED AFTER APPLICATION OF CREDITS AGAINST TAX.—For purposes of subsections (b) and (d), the term "tax" means the tax imposed by chapter 1 reduced by the credits against tax allowed by part IV of subchapter A of chapter 1, other than the credit against tax provided by section 31 (relating to tax withheld on wages).

(g) SHORT TAXABLE YEAR.—The application of this section to taxable years of less than 12 months shall be in accordance with regulations prescribed by the Secretary or his delegate.

(h) APPLICABILITY.—This section shall apply only with respect to taxable years beginning after December 31, 1954; and section 294 (d)

of the Internal Revenue Code of 1939 shall continue in force with respect to taxable years beginning before January 1, 1955.

SEC. 6655. FAILURE BY CORPORATION TO PAY ESTIMATED INCOME TAX.

(a) **ADDITION TO THE TAX.**—In case of any underpayment of estimated tax by a corporation, except as provided in subsection (d), there shall be added to the tax under chapter 1 for the taxable year an amount determined at the rate of 6 percent per annum upon the amount of the underpayment (determined under subsection (b)) for the period of the underpayment (determined under subsection (c)).

(b) **AMOUNT OF UNDERPAYMENT.**—For purposes of subsection (a), the amount of the underpayment shall be the excess of—

(1) The amount of the installment which would be required to be paid if the estimated tax were equal to 70 percent of the tax shown on the return for the taxable year or, if no return was filed, 70 percent of the tax for such year, over

(2) The amount, if any, of the installment paid on or before the last date prescribed for payment.

(c) **PERIOD OF UNDERPAYMENT.**—The period of the underpayment shall run from the date the installment was required to be paid to whichever of the following dates is the earlier—

(1) The 15th day of the third month following the close of the taxable year.

(2) With respect to any portion of the underpayment, the date on which such portion is paid. For purposes of this paragraph, a payment of estimated tax on the 15th day of the 12th month shall be considered a payment of any previous underpayment only to the extent such payment exceeds the amount of the installment determined under subsection (b) (1) for the 15th day of the 12th month.

(d) **EXCEPTION.**—Notwithstanding the provisions of the preceding subsections, the addition to the tax with respect to any underpayment of any installment shall not be imposed if the total amount of all payments of estimated tax made on or before the last date prescribed for the payment of such installment equals or exceeds the amount which would have been required to be paid on or before such date if the estimated tax were whichever of the following is the lesser—

(1) The tax shown on the return of the corporation for the preceding taxable year reduced by \$100,000, if a return showing a liability for tax was filed by the corporation for the preceding taxable year and such preceding year was a taxable year of 12 months.

(2) An amount equal to the tax computed at the rates applicable to the taxable year but otherwise on the basis of the facts shown on the return of the corporation for, and the law applicable to, the preceding taxable year.

(3) (A) an amount equal to 70 percent of the tax for the taxable year computed by placing on an annualized basis the taxable income:

(i) for the first 6 months or for the first 8 months of the taxable year, in the case of the installment required to be paid in the ninth month, and

(ii) for the first 9 months or for the first 11 months of the taxable year, in the case of the installment required to be paid in the twelfth month.

(B) For purposes of this paragraph, the taxable income shall be placed on an annualized basis by—

(i) multiplying by 12 the taxable income referred to in subparagraph (A), and

(ii) dividing the resulting amount by the number of months in the taxable year (6 or 8, or 9 or 11, as the case may be) referred to in subparagraph (A).

(e) **DEFINITION OF TAX.**—For purposes of subsections (b), (d) (2), and (d) (3), the term “tax” means the excess of—

(1) the tax imposed by section 11 or 1201 (a), or subchapter L of chapter 1, whichever is applicable, over

(2) the sum of—

(A) \$100,000, and

(B) the credits against tax provided in part IV of subchapter A of chapter 1.

(f) **SHORT TAXABLE YEAR.**—The application of this section to taxable years of less than 12 months shall be in accordance with regulations prescribed by the Secretary or his delegate.

SEC. 6656. FAILURE TO MAKE DEPOSIT OF TAXES.

(a) **PENALTY.**—In case of failure by any person required by this title or by regulation of the Secretary or his delegate under this title to deposit on the date prescribed therefor any amount of tax imposed by this title in such government depository as is authorized under section 6302(c) to receive such deposit, unless it is shown that such failure is due to reasonable cause and not due to willful neglect, there shall be imposed upon such person a penalty of 1 percent of the amount of the underpayment if the failure is for not more than 1 month, with an additional 1 percent for each additional month or fraction thereof during which such failure continues, not exceeding 6 percent in the aggregate. For purposes of this subsection, the term “underpayment” means the excess of the amount of the tax required to be so deposited over the amount, if any, thereof deposited on or before the date prescribed therefor.

(b) **PENALTY NOT IMPOSED AFTER DUE DATE FOR RETURN.**—For purposes of subsection (a), the failure shall be deemed not to continue beyond the last date (determined without regard to any extension of time) prescribed for payment of the tax required to be deposited or beyond the date the tax is paid, whichever is earlier.

SEC. 6657. BAD CHECKS.

If any check or money order in payment of any amount receivable under this title is not duly paid, in addition to any other penalties provided by law, there shall be paid as a penalty by the person who tendered such check, upon notice and demand by the Secretary or his delegate, in the same manner as tax, an amount equal to 1 percent of the amount of such check, except that if the amount of such check is less than \$500, the penalty under this section shall be \$5 or the amount of such check, whichever is the lesser. This section shall not apply if the person tendered such check in good faith and with reasonable cause to believe that it would be duly paid.

SEC. 6658. ADDITION TO TAX IN CASE OF JEOPARDY.

If a taxpayer violates or attempts to violate section 6851 (relating to termination of taxable year) there shall, in addition to all other

penalties, be added as part of the tax 25 percent of the total amount of the tax or deficiency in the tax.

SEC. 6659. APPLICABLE RULES.

(a) ADDITIONS TREATED AS TAX.—Except as otherwise provided in this title—

(1) The additions to the tax, additional amounts, and penalties provided by this chapter shall be paid upon notice and demand and shall be assessed, collected, and paid in the same manner as taxes;

(2) Any reference in this title to "tax" imposed by this title shall be deemed also to refer to the additions to the tax, additional amounts, and penalties provided by this chapter.

(b) ADDITIONS TO TAX FOR FAILURE TO FILE RETURN OR PAY TAX.—Any addition under section 6651 or section 6653 to a tax imposed by another subtitle of this title shall be considered a part of such tax for the purpose of applying the provisions of this title relating to the assessment and collection of such tax (including the provisions of subchapter B of chapter 63, relating to deficiency procedures for income, estate, and gift taxes).

Subchapter B—Assessable Penalties

Sec. 6671. Rules for application of assessable penalties.

Sec. 6672. Failure to collect and pay over tax, or attempt to evade or defeat tax.

Sec. 6673. Damages assessable for instituting proceedings before the Tax Court merely for delay.

Sec. 6674. Fraudulent statement or failure to furnish statement to employee.

SEC. 6671. RULES FOR APPLICATION OF ASSESSABLE PENALTIES.

(a) **PENALTY ASSESSED AS TAX.**—The penalties and liabilities provided by this subchapter shall be paid upon notice and demand by the Secretary or his delegate, and shall be assessed and collected in the same manner as taxes. Except as otherwise provided, any reference in this title to "tax" imposed by this title shall be deemed also to refer to the penalties and liabilities provided by this subchapter.

(b) **PERSON DEFINED.**—The term "person", as used in this subchapter, includes an officer or employee of a corporation, or a member or employee of a partnership, who as such officer, employee, or member is under a duty to perform the act in respect of which the violation occurs.

SEC. 6672. FAILURE TO COLLECT AND PAY OVER TAX, OR ATTEMPT TO EVADE OR DEFEAT TAX.

Any person required to collect, truthfully account for, and pay over any tax imposed by this title who willfully fails to collect such tax, or truthfully account for and pay over such tax, or willfully attempts in any manner to evade or defeat any such tax or the payment thereof, shall, in addition to other penalties provided by law, be liable to a penalty equal to the total amount of the tax evaded, or not collected, or not accounted for and paid over. No penalty shall be imposed under section 6653 for any offense to which this section is applicable.

SEC. 6673. DAMAGES ASSESSABLE FOR INSTITUTING PROCEEDINGS BEFORE THE TAX COURT MERELY FOR DELAY.

Whenever it appears to the Tax Court that proceedings before it have been instituted by the taxpayer merely for delay, damages in an amount not in excess of \$500 shall be awarded to the United States by the Tax Court in its decision. Damages so awarded shall be assessed at the same time as the deficiency and shall be paid upon notice and demand from the Secretary or his delegate and shall be collected as a part of the tax.

SEC. 6674. FRAUDULENT STATEMENT OR FAILURE TO FURNISH STATEMENT TO EMPLOYEE.

In addition to the criminal penalty provided by section 7204, any person required under the provisions of section 6051 to furnish a statement to an employee who willfully furnishes a false or fraudulent statement, or who willfully fails to furnish a statement in the manner, at the time, and showing the information required under section 6051, or regulations prescribed thereunder, shall for each such failure be subject to a penalty under this subchapter of \$50, which shall be assessed and collected in the same manner as the tax on employers imposed by section 3111.

CHAPTER 69—GENERAL PROVISIONS RELATING TO STAMPS

- Sec. 6801. Authority for establishment, alteration, and distribution.
- Sec. 6802. Supply and distribution.
- Sec. 6803. Accounting and safeguarding.
- Sec. 6804. Attachment and cancellation.
- Sec. 6805. Redemption of stamps.
- Sec. 6806. Posting occupational tax stamps.
- Sec. 6807. Stamping, marking, and branding seized goods.
- Sec. 6808. Special provisions relating to stamps.

SEC. 6801. AUTHORITY FOR ESTABLISHMENT, ALTERATION, AND DISTRIBUTION.

(a) **ESTABLISHMENT AND ALTERATION.**—The Secretary or his delegate may establish, and from time to time alter, renew, replace, or change the form, style, character, material, and device of any stamp, mark, or label under any provision of the laws relating to internal revenue.

(b) **PREPARATION AND DISTRIBUTION OF REGULATIONS, FORMS, STAMPS AND DIES.**—The Secretary or his delegate shall prepare and distribute all the instructions, regulations, directions, forms, blanks, and stamps; and shall provide proper and sufficient adhesive stamps and other stamps or dies for expressing and denoting the several stamp taxes.

SEC. 6802. SUPPLY AND DISTRIBUTION.

The Secretary or his delegate shall furnish, without prepayment, to—

(1) **POSTMASTER GENERAL.**—The Postmaster General a suitable quantity of adhesive stamps (other than the stamps on playing cards), coupons, tickets, or such other devices as may be prescribed by the Secretary or his delegate pursuant to section 6302 (b) or this chapter, to be distributed to, and kept on sale by, the various postmasters in the United States in all post offices of the first and second classes, and such post offices of the third and fourth classes as—

(A) are located in county seats, or

(B) are certified by the Secretary to the Postmaster General as necessary;

(2) **DESIGNATED DEPOSITORY OF THE UNITED STATES.**—Any designated depository of the United States a suitable quantity of adhesive stamps to be kept on sale by such designated depository;

(3) **STATE AGENTS.**—Any person who is—

(A) duly appointed and acting as agent of any State for the sale of stock transfer stamps of such State, and

(B) designated by the Secretary or his delegate for the purpose, a suitable quantity of such adhesive stamps as are required by section 4301, to be kept on sale by such person.

SEC. 6803. ACCOUNTING AND SAFEGUARDING.**(a) THE POSTMASTER GENERAL.—**

(1) **BOND AND ACCOUNTING.**—The Postmaster General may require each postmaster under paragraph (1) of section 6802 to furnish bond in such increased amount as he may from time to time determine, and each such postmaster shall deposit the receipts from the sale of such stamps, coupons, tickets, books, or other devices, to the credit of, and render accounts to the Postmaster General at such times and in such form as the Postmaster General may by regulations prescribe.

(2) **DEPOSIT OF RECEIPTS.**—The Postmaster General shall at least once a month transfer to the Treasury as internal revenue collections all receipts so deposited.

(b) DEPOSITARIES AND STATE AGENTS.—

(1) **BOND.**—In cases coming within the provisions of paragraph (2) or (3) of section 6802, the Secretary or his delegate may require a bond, with sufficient sureties, in a sum to be fixed by the Secretary or his delegate, conditioned for the faithful return, whenever so required, of all quantities or amounts undisposed of and for the payment monthly for all quantities or amounts sold or not remaining on hand.

(2) **REGULATIONS.**—The Secretary or his delegate may from time to time make such regulations as he may find necessary to insure the safekeeping or prevent the illegal use of all adhesive stamps referred to in paragraphs (2) and (3) of section 6802.

SEC. 6804. ATTACHMENT AND CANCELLATION.

Except as otherwise expressly provided in this title, the stamps referred to in section 6801 shall be attached, protected, removed, canceled, obliterated, and destroyed, in such manner and by such instruments or other means as the Secretary or his delegate may prescribe by rules or regulations.

SEC. 6805. REDEMPTION OF STAMPS.

(a) **AUTHORIZATION.**—The Secretary or his delegate, subject to regulations prescribed by him, may, upon receipt of satisfactory evidence of the facts, make allowance for or redeem such of the stamps, issued under authority of any internal revenue law, as may have been spoiled, destroyed, or rendered useless or unfit for the purpose intended, or for which the owner may have no use, or which through mistake may have been improperly or unnecessarily used, or where the rates or duties represented thereby have been excessive in amount, paid in error, or in any manner wrongfully collected.

(b) **METHOD AND CONDITIONS OF ALLOWANCE.**—Such allowance or redemption may be made, either by giving other stamps in lieu of the stamps so allowed for or redeemed, or by refunding the amount or value to the owner thereof, deducting therefrom, in case of repayment, the percentage, if any, allowed to the purchaser thereof; but no allowance or redemption shall be made in any case until the stamps so spoiled or rendered useless shall have been returned to the Secretary or his delegate, or until satisfactory proof has been made showing the reason why the same cannot be returned; or, if so required by the Secretary or his delegate, when the person presenting the same cannot satisfactorily trace the history of said stamps from their issuance to the presentation of his claim as aforesaid.

(c) **TIME FOR FILING CLAIMS.**—No claim for the redemption of, or allowance for, stamps shall be allowed unless presented within 3 years after the purchase of such stamps from the Government.

(d) **FINALITY OF DECISIONS.**—The findings of fact in and the decision of the Secretary or his delegate upon the merits of any claim presented under or authorized by this section shall, in the absence of fraud or mistake in mathematical calculation, be final and not subject to revision by any accounting officer.

SEC. 6806. POSTING OCCUPATIONAL TAX STAMPS.

(a) **GENERAL RULE.**—Every person engaged in any business, avocation, or employment, who is thereby made liable to a special tax, shall place and keep conspicuously in his establishment or place of business all stamps denoting payment of said special tax.

(b) **COIN-OPERATED AMUSEMENT AND GAMING DEVICES.**—The Secretary or his delegate may by regulations require that the stamps denoting the payment of the special tax imposed by section 4461 shall be posted on or in each device in such a manner that it will be visible to any person operating the device.

(c) **OCCUPATIONAL WAGERING TAX.**—Every person liable for special tax under section 4411 shall place and keep conspicuously in his principal place of business the stamp denoting the payment of such special tax; except that if he has no such place of business, he shall keep such stamp on his person, and exhibit it, upon request, to any officer or employee of the Treasury Department.

SEC. 6807. STAMPING, MARKING, AND BRANDING SEIZED GOODS.

If any article of manufacture or produce requiring brands, stamps, or marks of whatever kind to be placed thereon, is sold upon levy, forfeiture (except as provided in section 5688 with respect to distilled spirits), or other process provided by law, the same not having been branded, stamped, or marked, as required by law, the officer selling the same shall, upon sale thereof, fix or cause to be affixed the brands, stamps, or marks so required.

SEC. 6808. SPECIAL PROVISIONS RELATING TO STAMPS.

For special provisions on stamps relating to—

- (1) Capital stock, see chapter 34.
- (2) Cotton futures, see subchapter D of chapter 39.
- (3) Distilled spirits and fermented liquors, see chapter 51.
- (4) Documents and other instruments, see chapter 34.
- (5) Filled cheese, see subchapter C of chapter 39.
- (6) Machine guns and short-barrelled firearms, see chapter 53.
- (7) Oleomargarine, see subchapter F of chapter 38.
- (8) Opium, opium for smoking, opiates and coca leaves, and marihuana, see subchapter A of chapter 39.
- (9) Playing cards, see subchapter A of chapter 36.
- (10) Process, renovated, or adulterated butter, see subchapter C of chapter 39.
- (11) Silver bullion, see subchapter F of chapter 39.
- (12) Tobacco, snuff, cigars and cigarettes, see chapter 52.
- (13) White phosphorous matches, see subchapter B of chapter 39.

CHAPTER 70—JEOPARDY, BANKRUPTCY AND RECEIVERSHIPS

SUBCHAPTER A. Jeopardy.

SUBCHAPTER B. Bankruptcy and receiverships.

Subchapter A—Jeopardy

Part I. Termination of taxable year.

Part II. Jeopardy assessments.

PART I—TERMINATION OF TAXABLE YEAR

Sec. 6851. Termination of taxable year.

SEC. 6851. TERMINATION OF TAXABLE YEAR.

(a) INCOME TAX IN JEOPARDY.—

(1) IN GENERAL.—If the Secretary or his delegate finds that a taxpayer designs quickly to depart from the United States or to remove his property therefrom, or to conceal himself or his property therein, or to do any other act tending to prejudice or to render wholly or partly ineffectual proceedings to collect the income tax for the current or the preceding taxable year unless such proceedings be brought without delay, the Secretary or his delegate shall declare the taxable period for such taxpayer immediately terminated, and shall cause notice of such finding and declaration to be given the taxpayer, together with a demand for immediate payment of the tax for the taxable period so declared terminated and of the tax for the preceding taxable year or so much of such tax as is unpaid, whether or not the time otherwise allowed by law for filing return and paying the tax has expired; and such taxes shall thereupon become immediately due and payable. In any proceeding in court brought to enforce payment of taxes made due and payable by virtue of the provisions of this section, the finding of the Secretary or his delegate, made as herein provided, whether made after notice to the taxpayer or not, shall be for all purposes presumptive evidence of jeopardy.

(2) CORPORATION IN LIQUIDATION.—If the Secretary or his delegate finds that the collection of the income tax of a corporation for the current or the preceding taxable year will be jeopardized by the distribution of all or a portion of the assets of such corporation in the liquidation of the whole or any part of its capital stock, the Secretary or his delegate shall declare the taxable period for such taxpayer immediately terminated and shall cause notice of such finding and declaration to be given the taxpayer, together with a demand for immediate payment of the tax for the taxable period so declared terminated and of the tax for the preceding taxable year or so much of such tax as is unpaid, whether or not the time otherwise allowed by law for filing return and paying the tax has expired; and such taxes shall thereupon become immediately due and payable.

(b) **REOPENING OF TAXABLE PERIOD.**—Notwithstanding the termination of the taxable period of the taxpayer by the Secretary or his delegate, as provided in subsection (a), the Secretary or his delegate may reopen such taxable period each time the taxpayer is found by the Secretary or his delegate to have received income, within the current taxable year, since a termination of the period under subsection (a). A taxable period so terminated by the Secretary or his delegate may be reopened by the taxpayer (other than a nonresident alien) if he files with the Secretary or his delegate a true and accurate return of the items of gross income and of the deductions and credits allowed under this title for such taxable period, together with such other information as the Secretary or his delegate may by regulations prescribe. If the taxpayer is a nonresident alien the taxable period so terminated may be reopened by him if he files, or causes to be filed, with the Secretary or his delegate a true and accurate return of his total income derived from all sources within the United States, in the manner prescribed in this title.

(c) **CITIZENS.**—In the case of a citizen of the United States or of a possession of the United States about to depart from the United States, the Secretary or his delegate may, at his discretion, waive any or all of the requirements placed on the taxpayer by this section.

(d) **DEPARTURE OF ALIEN.**—No alien shall depart from the United States unless he first procures from the Secretary or his delegate a certificate that he has complied with all the obligations imposed upon him by the income tax laws.

(e) **FURNISHING OF BOND WHERE TAXABLE YEAR IS CLOSED BY THE SECRETARY OR HIS DELEGATE.**—Payment of taxes shall not be enforced by any proceedings under the provisions of this section prior to the expiration of the time otherwise allowed for paying such taxes if the taxpayer furnishes, under regulations prescribed by the Secretary or his delegate, a bond to insure the timely making of returns with respect to, and payment of, such taxes or any income or excess profits taxes for prior years.

PART II—JEOPARDY ASSESSMENTS

Sec. 6861. Jeopardy assessments of income, estate, and gift taxes.

Sec. 6862. Jeopardy assessment of taxes other than income, estate, and gift taxes.

Sec. 6863. Stay of collection of jeopardy assessments.

Sec. 6864. Termination of extended period for payment in case of carryback.

SEC. 6861. JEOPARDY ASSESSMENTS OF INCOME, ESTATE, AND GIFT TAXES.

(a) **AUTHORITY FOR MAKING.**—If the Secretary or his delegate believes that the assessment or collection of a deficiency, as defined in section 6211, will be jeopardized by delay, he shall, notwithstanding the provisions of section 6213 (a), immediately assess such deficiency (together with all interest, additional amounts, and additions to the tax provided for by law), and notice and demand shall be made by the Secretary or his delegate for the payment thereof.

(b) **DEFICIENCY LETTERS.**—If the jeopardy assessment is made before any notice in respect of the tax to which the jeopardy assessment relates has been mailed under section 6212 (a), then the Secre-

tary or his delegate shall mail a notice under such subsection within 60 days after the making of the assessment.

(c) **AMOUNT ASSESSABLE BEFORE DECISION OF TAX COURT.**—The jeopardy assessment may be made in respect of a deficiency greater or less than that notice of which has been mailed to the taxpayer, despite the provisions of section 6212 (c) prohibiting the determination of additional deficiencies, and whether or not the taxpayer has theretofore filed a petition with the Tax Court. The Secretary or his delegate may, at any time before the decision of the Tax Court is rendered, abate such assessment, or any unpaid portion thereof, to the extent that he believes the assessment to be excessive in amount. The Secretary or his delegate shall notify the Tax Court of the amount of such assessment, or abatement, if the petition is filed with the Tax Court before the making of the assessment or is subsequently filed, and the Tax Court shall have jurisdiction to redetermine the entire amount of the deficiency and of all amounts assessed at the same time in connection therewith.

(d) **AMOUNT ASSESSABLE AFTER DECISION OF TAX COURT.**—If the jeopardy assessment is made after the decision of the Tax Court is rendered, such assessment may be made only in respect of the deficiency determined by the Tax Court in its decision.

(e) **EXPIRATION OF RIGHT TO ASSESS.**—A jeopardy assessment may not be made after the decision of the Tax Court has become final or after the taxpayer has filed a petition for review of the decision of the Tax Court.

(f) **COLLECTION OF UNPAID AMOUNTS.**—When the petition has been filed with the Tax Court and when the amount which should have been assessed has been determined by a decision of the Tax Court which has become final, then any unpaid portion, the collection of which has been stayed by bond as provided in section 6863 (b) shall be collected as part of the tax upon notice and demand from the Secretary or his delegate, and any remaining portion of the assessment shall be abated. If the amount already collected exceeds the amount determined as the amount which should have been assessed, such excess shall be credited or refunded to the taxpayer as provided in section 6402, without the filing of claim therefor. If the amount determined as the amount which should have been assessed is greater than the amount actually assessed, then the difference shall be assessed and shall be collected as part of the tax upon notice and demand from the Secretary or his delegate.

(g) **ABATEMENT IF JEOPARDY DOES NOT EXIST.**—The Secretary or his delegate may abate the jeopardy assessment if he finds that jeopardy does not exist. Such abatement may not be made after a decision of the Tax Court in respect of the deficiency has been rendered or, if no petition is filed with the Tax Court, after the expiration of the period for filing such petition. The period of limitation on the making of assessments and levy or a proceeding in court for collection, in respect of any deficiency, shall be determined as if the jeopardy assessment so abated had not been made, except that the running of such period shall in any event be suspended for the period from the date of such jeopardy assessment until the expiration of the 10th day after the day on which such jeopardy assessment is abated.

(h) CROSS REFERENCES.—

(1) For the effect of the furnishing of security for payment, see section 6863.

(2) For provision permitting immediate levy in case of jeopardy, see section 6331 (a).

SEC. 6862. JEOPARDY ASSESSMENT OF TAXES OTHER THAN INCOME, ESTATE, AND GIFT TAXES.

(a) IMMEDIATE ASSESSMENT.—If the Secretary or his delegate believes that the collection of any tax (other than income tax, estate tax, and gift tax) under any provision of the internal revenue laws will be jeopardized by delay, he shall, whether or not the time otherwise prescribed by law for making return and paying such tax has expired, immediately assess such tax (together with all interest, additional amounts, and additions to the tax provided for by law). Such tax, additions to the tax, and interest shall thereupon become immediately due and payable, and immediate notice and demand shall be made by the Secretary or his delegate for the payment thereof.

(b) IMMEDIATE LEVY.—

For provision permitting immediate levy in case of jeopardy, see section 6331 (a).

SEC. 6863. STAY OF COLLECTION OF JEOPARDY ASSESSMENTS.

(a) BOND TO STAY COLLECTION.—When a jeopardy assessment has been made under section 6861 or 6862, the collection of the whole or any amount of such assessment may be stayed by filing with the Secretary or his delegate, within such time as may be fixed by regulations prescribed by the Secretary or his delegate, a bond in an amount equal to the amount as to which the stay is desired, conditioned upon the payment of the amount (together with interest thereon) the collection of which is stayed, at the time at which, but for the making of the jeopardy assessment, such amount would be due. Upon the filing of the bond the collection of so much of the amount assessed as is covered by the bond shall be stayed. The taxpayer shall have the right to waive such stay at any time in respect of the whole or any part of the amount covered by the bond, and if as a result of such waiver any part of the amount covered by the bond is paid, then the bond shall, at the request of the taxpayer, be proportionately reduced. If any portion of the jeopardy assessment is abated, the bond shall, at the request of the taxpayer, be proportionately reduced.

(b) FURTHER CONDITIONS IN CASE OF INCOME, ESTATE, OR GIFT TAXES.—In the case of taxes subject to the jurisdiction of the Tax Court—

(1) PRIOR TO PETITION TO TAX COURT.—If the bond is given before the taxpayer has filed his petition under section 6213 (a), the bond shall contain a further condition that if a petition is not filed within the period provided in such section, then the amount, the collection of which is stayed by the bond, will be paid on notice and demand at any time after the expiration of such period, together with interest thereon from the date of the jeopardy notice and demand to the date of notice and demand under this paragraph.

(2) EFFECT OF TAX COURT DECISION.—The bond shall be conditioned upon the payment of so much of such assessment (collection of which is stayed by the bond) as is not abated by a decision of the Tax Court which has become final. If the Tax Court determines

that the amount assessed is greater than the amount which should have been assessed, then when the decision of the Tax Court is rendered the bond shall, at the request of the taxpayer, be proportionately reduced.

(3) **STAY OF SALE OF SEIZED PROPERTY PENDING TAX COURT DECISION.**—

(A) **GENERAL RULE.**—Where, notwithstanding the provisions of section 6213 (a), a jeopardy assessment has been made under section 6861 the property seized for the collection of the tax shall not be sold—

(i) if section 6861 (b) is applicable, prior to the issuance of the notice of deficiency and the expiration of the time provided in section 6213 (a) for filing petition with the Tax Court, and

(ii) if petition is filed with the Tax Court (whether before or after the making of such jeopardy assessment under section 6861), prior to the expiration of the period during which the assessment of the deficiency would be prohibited if section 6861 (a) were not applicable.

(B) **EXCEPTIONS.**—Such property may be sold if—

(i) the taxpayer consents to the sale,

(ii) the Secretary or his delegate determines that the expenses of conservation and maintenance will greatly reduce the net proceeds, or

(iii) the property is of the type described in section 6336.

(C) **APPLICABILITY.**—Subparagraphs (A) and (B) shall be applicable only with respect to a jeopardy assessment made on or after January 1, 1955, and shall apply with respect to taxes imposed by this title and with respect to taxes imposed by the Internal Revenue Code of 1939.

SEC. 6864. TERMINATION OF EXTENDED PERIOD FOR PAYMENT IN CASE OF CARRYBACK.

For termination of extensions of time for payment of income tax granted to corporations expecting carrybacks in case of jeopardy, see section 6164 (h).

Subchapter B—Bankruptcy and Receiverships

Sec. 6871. Claims for income, estate, and gift taxes in bankruptcy and receivership proceedings.

Sec. 6872. Suspension of period on assessment.

Sec. 6873. Unpaid claims.

SEC. 6871. CLAIMS FOR INCOME, ESTATE, AND GIFT TAXES IN BANKRUPTCY AND RECEIVERSHIP PROCEEDINGS.

(a) IMMEDIATE ASSESSMENT.—Upon the adjudication of bankruptcy of any taxpayer in any liquidating proceeding, the approval of a petition of, or against, any taxpayer in any other bankruptcy proceeding, or the appointment of a receiver for any taxpayer in any receivership proceeding before any court of the United States or of any State or Territory or of the District of Columbia, any deficiency (together with all interest, additional amounts, or additions to the tax provided by law) determined by the Secretary or his delegate in respect of a tax imposed by subtitle A or B upon such taxpayer shall, despite the restrictions imposed by section 6213 (a) upon assessments, be immediately assessed if such deficiency has not theretofore been assessed in accordance with law.

(b) CLAIM FILED DESPITE PENDENCY OF TAX COURT PROCEEDINGS.—In the case of a tax imposed by subtitle A or B claims for the deficiency and such interest, additional amounts, and additions to the tax may be presented, for adjudication in accordance with law, to the court before which the bankruptcy or receivership proceeding is pending, despite the pendency of proceedings for the redetermination of the deficiency in pursuance of a petition to the Tax Court; but no petition for any such redetermination shall be filed with the Tax Court after the adjudication of bankruptcy, approval of the petition in any other bankruptcy proceeding, or the appointment of the receiver.

SEC. 6872. SUSPENSION OF PERIOD ON ASSESSMENT.

If the regulations issued pursuant to section 6036 require the giving of notice by any fiduciary in any proceeding under the Bankruptcy Act, or by a receiver in any other court proceeding, to the Secretary or his delegate of his qualification as such, the running of the period of limitations on the making of assessments shall be suspended for the period from the date of the institution of the proceeding to a date 30 days after the date upon which the notice from the receiver or other fiduciary is received by the Secretary or his delegate; but the suspension under this sentence shall in no case be for a period in excess of 2 years.

SEC. 6873. UNPAID CLAIMS.

(a) GENERAL RULE.—Any portion of a claim for taxes allowed in a receivership proceeding or any proceeding under the Bankruptcy Act

which is unpaid shall be paid by the taxpayer upon notice and demand from the Secretary or his delegate after the termination of such proceeding.

(b) CROSS REFERENCES.—

(1) For suspension of running of period of limitations on collection, see section 6503 (b).

(2) For extension of time for payment, see section 6161 (c).

CHAPTER 71—TRANSFEREES AND FIDUCIARIES

Sec. 6901. Transferred assets.

Sec. 6902. Provisions of special application to transferees.

Sec. 6903. Notice of fiduciary relationship.

Sec. 6904. Prohibition of injunctions.

SEC. 6901. TRANSFERRED ASSETS.

(a) **METHOD OF COLLECTION.**—The amounts of the following liabilities shall, except as hereinafter in this section provided, be assessed, paid, and collected in the same manner and subject to the same provisions and limitations as in the case of the taxes with respect to which the liabilities were incurred:

(1) **INCOME, ESTATE, AND GIFT TAXES.**—

(A) **TRANSFEREES.**—The liability, at law or in equity, of a transferee of property—

(i) of a taxpayer in the case of a tax imposed by subtitle A (relating to income taxes),

(ii) of a decedent in the case of a tax imposed by chapter 11 (relating to estate taxes), or

(iii) of a donor in the case of a tax imposed by chapter 12 (relating to gift taxes),

in respect of the tax imposed by subtitle A or B.

(B) **FIDUCIARIES.**—The liability of a fiduciary under section 3467 of the Revised Statutes (31 U. S. C. 192) in respect of the payment of any tax described in subparagraph (A) from the estate of the taxpayer, the decedent, or the donor, as the case may be.

(2) **OTHER TAXES.**—The liability, at law or in equity of a transferee of property of any person liable in respect of any tax imposed by this title (other than a tax imposed by subtitle A or B), but only if such liability arises on the liquidation of a partnership or corporation, or on a reorganization within the meaning of section 368 (a).

(b) **LIABILITY.**—Any liability referred to in subsection (a) may be either as to the amount of tax shown on a return or as to any deficiency or underpayment of any tax.

(c) **PERIOD OF LIMITATIONS.**—The period of limitations for assessment of any such liability of a transferee or a fiduciary shall be as follows:

(1) **INITIAL TRANSFeree.**—In the case of the liability of an initial transferee, within 1 year after the expiration of the period of limitation for assessment against the transferor;

(2) **TRANSFeree OF TRANSFeree.**—In the case of the liability of a transferee of a transferee, within 1 year after the expiration of the period of limitation for assessment against the preceding transferee, but not more than 3 years after the expiration of the period of limitation for assessment against the initial transferor;

except that if, before the expiration of the period of limitation for the assessment of the liability of the transferee, a court proceeding for the collection of the tax or liability in respect thereof has been begun

against the initial transferor or the last preceding transferee, respectively, then the period of limitation for assessment of the liability of the transferee shall expire 1 year after the return of execution in the court proceeding.

(3) **FIDUCIARY.**—In the case of the liability of a fiduciary, not later than 1 year after the liability arises or not later than the expiration of the period for collection of the tax in respect of which such liability arises, whichever is the later.

(d) **EXTENSION BY AGREEMENT.**—

(1) **EXTENSION OF TIME FOR ASSESSMENT.**—If before the expiration of the time prescribed in subsection (c) for the assessment of the liability, the Secretary or his delegate and the transferee or fiduciary have both consented in writing to its assessment after such time, the liability may be assessed at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon. For the purpose of determining the period of limitation on credit or refund to the transferee or fiduciary of overpayments of tax made by such transferee or fiduciary or overpayments of tax made by the transferor of which the transferee or fiduciary is legally entitled to credit or refund, such agreement and any extension thereof shall be deemed an agreement and extension thereof referred to in section 6511 (c).

(2) **EXTENSION OF TIME FOR CREDIT OR REFUND.**—If the agreement is executed after the expiration of the period of limitation for assessment against the taxpayer with reference to whom the liability of such transferee or fiduciary arises, then in applying the limitations under section 6511 (c) on the amount of the credit or refund, the periods specified in section 6511 (b) (2) shall be increased by the period from the date of such expiration to the date of the agreement.

(e) **PERIOD FOR ASSESSMENT AGAINST TRANSFEROR.**—For purposes of this section, if any person is deceased, or is a corporation which has terminated its existence, the period of limitation for assessment against such person shall be the period that would be in effect had death or termination of existence not occurred.

(f) **SUSPENSION OF RUNNING OF PERIOD OF LIMITATIONS.**—The running of the period of limitations upon the assessment of the liability of a transferee or fiduciary shall, after the mailing to the transferee or fiduciary of the notice provided for in section 6212 (relating to income, estate, and gift taxes), be suspended for the period during which the Secretary or his delegate is prohibited from making the assessment in respect of the liability of the transferee or fiduciary (and in any event, if a proceeding in respect of the liability is placed on the docket of the Tax Court, until the decision of the Tax Court becomes final), and for 60 days thereafter.

(g) **ADDRESS FOR NOTICE OF LIABILITY.**—In the absence of notice to the Secretary or his delegate under section 6903 of the existence of a fiduciary relationship, any notice of liability enforceable under this section required to be mailed to such person, shall, if mailed to the person subject to the liability at his last known address, be sufficient for purposes of this title, even if such person is deceased, or is under

a legal disability, or, in the case of a corporation, has terminated its existence.

(h) **DEFINITION OF TRANSFEE.**—As used in this section, the term “transferee” includes donee, heir, legatee, devisee, and distributee, and with respect to estate taxes, also includes any person who, under section 6324 (a) (2), is personally liable for any part of such tax.

(i) **EXTENSION OF TIME.**—

For extensions of time by reason of armed service in a combat zone, see section 7508.

SEC. 6902. PROVISIONS OF SPECIAL APPLICATION TO TRANSFEREES.

(a) **BURDEN OF PROOF.**—In proceedings before the Tax Court the burden of proof shall be upon the Secretary or his delegate to show that a petitioner is liable as a transferee of property of a taxpayer, but not to show that the taxpayer was liable for the tax.

(b) **EVIDENCE.**—Upon application to the Tax Court, a transferee of property of a taxpayer shall be entitled, under rules prescribed by the Tax Court, to a preliminary examination of books, papers, documents, correspondence, and other evidence of the taxpayer or a preceding transferee of the taxpayer's property, if the transferee making the application is a petitioner before the Tax Court for the redetermination of his liability in respect of the tax (including interest, additional amounts, and additions to the tax provided by law) imposed upon the taxpayer. Upon such application, the Tax Court may require by subpoena, ordered by the Tax Court or any division thereof and signed by a judge, the production of all such books, papers, documents, correspondence, and other evidence within the United States the production of which, in the opinion of the Tax Court or division thereof, is necessary to enable the transferee to ascertain the liability of the taxpayer or preceding transferee and will not result in undue hardship to the taxpayer or preceding transferee. Such examination shall be had at such time and place as may be designated in the subpoena.

SEC. 6903. NOTICE OF FIDUCIARY RELATIONSHIP.

(a) **RIGHTS AND OBLIGATIONS OF FIDUCIARY.**—Upon notice to the Secretary or his delegate that any person is acting for another person in a fiduciary capacity, such fiduciary shall assume the powers, rights, duties, and privileges of such other person in respect of a tax imposed by this title (except as otherwise specifically provided and except that the tax shall be collected from the estate of such other person), until notice is given that the fiduciary capacity has terminated.

(b) **MANNER OF NOTICE.**—Notice under this section shall be given in accordance with regulations prescribed by the Secretary or his delegate.

SEC. 6904. PROHIBITION OF INJUNCTIONS.

For prohibition of suits to restrain enforcement of liability of transferee, or fiduciary, see section 7421 (b).

CHAPTER 72—LICENSING AND REGISTRATION

SUBCHAPTER A. Licensing.

SUBCHAPTER B. Registration.

Subchapter A—Licensing

Sec. 7001. Collection of foreign items.

SEC. 7001. COLLECTION OF FOREIGN ITEMS.

(a) LICENSE.—All persons undertaking as a matter of business or for profit the collection of foreign payments of interest or dividends by means of coupons, checks, or bills of exchange shall obtain a license from the Secretary or his delegate and shall be subject to such regulations enabling the Government to obtain the information required under subtitle A (relating to income taxes) as the Secretary or his delegate shall prescribe.

(b) PENALTY FOR FAILURE TO OBTAIN LICENSE.—

For penalty for failure to obtain the license provided for in this section, see section 7231.

Subchapter B—Registration

Sec. 7011. Registration—persons paying a special tax.

Sec. 7012. Cross references.

SEC. 7011. REGISTRATION—PERSONS PAYING A SPECIAL TAX.

(a) **REQUIREMENT.**—Every person engaged in any trade or business on which a special tax is imposed by law shall register with the Secretary or his delegate his name or style, place of residence, trade or business, and the place where such trade or business is to be carried on. In case of a firm or company, the names of the several persons constituting the same, and the places of residence, shall be so registered.

(b) **REGISTRATION IN CASE OF DEATH OR CHANGE OF LOCATION.**—Any person exempted under the provisions of section 4905 from the payment of a special tax, shall register with the Secretary or his delegate in accordance with regulations prescribed by the Secretary or his delegate.

SEC. 7012. CROSS REFERENCES.

(a) **Narcotic Drugs.**—For provisions relating to registration in relation to narcotic drugs, see section 4722.

(b) **Marihuana.**—For provisions relating to registration in relation to marihuana, see section 4753.

(c) **Firearms.**—For provisions relating to registration in connection with firearms, see sections 5802, 5841, and 5854.

(d) For provisions relating to registration in relation to the manufacture of playing cards, see section 4455.

(e) For provisions relating to registration in relation to the manufacture of white phosphorus matches, see section 4804 (d).

(f) For special rules with respect to registration by persons engaged in receiving wagers, see section 4412.

(g) For provisions relating to registration in relation to the production or importation of gasoline, see section 4101.

(h) For provisions relating to registration in relation to the manufacture or production of lubricating oils, see section 4101.

(i) For provisions relating to registration in relation to transportation of property for hire, see section 4273.

(j) **Penalty.**—

(1) For penalty for failure to register, see section 7272.

(2) For other penalties for failure to register with respect to wagering, see section 7262.

CHAPTER 73—BONDS

Sec. 7101. Form of bonds.

Sec. 7102. Single bond in lieu of multiple bonds.

Sec. 7103. Cross references—other provisions for bonds.

SEC. 7101. FORM OF BONDS.

Whenever, pursuant to the provisions of this title (other than sections 7485 and 6803 (a) (1)), or rules or regulations prescribed under authority of this title, a person is required to furnish a bond or security—

(1) **GENERAL RULE.**—Such bond or security shall be in such form and with such surety or sureties as may be prescribed by regulations issued by the Secretary or his delegate.

(2) **UNITED STATES BONDS AND NOTES IN LIEU OF SURETY BONDS.**—The person required to furnish such bond or security may, in lieu thereof, deposit bonds or notes of the United States as provided in 6 U. S. C. 15.

SEC. 7102. SINGLE BOND IN LIEU OF MULTIPLE BONDS.

In any case in which two or more bonds are required or authorized, the Secretary or his delegate may provide for the acceptance of a single bond complying with the requirements for which the several bonds are required or authorized.

SEC. 7103. CROSS REFERENCES—OTHER PROVISIONS FOR BONDS.

(a) EXTENSIONS OF TIME.—

(1) For bond where time to pay tax or deficiency has been extended, see section 6165.

(2) For bond to stay collection of a jeopardy assessment, see section 6863.

(3) For bond to stay assessment and collection prior to review of a Tax Court decision, see section 7485.

(4) For furnishing of bond where taxable year is closed by the Secretary or his delegate, see section 6851 (e).

(5) For bond in case of an election to postpone payment of estate tax where the value of a reversionary or remainder interest is included in the gross estate, see section 6165.

(b) RELEASE OF LIEN OR SEIZED PROPERTY.—

(1) For the release of the lien provided for in section 6325 by furnishing the Secretary or his delegate a bond, see section 6325 (a) (2).

(2) For bond to obtain release of perishable goods which have been seized under forfeiture proceeding, see section 7324 (3).

(3) For bond to release perishable goods under levy, see section 6336.

(4) For bond executed by claimant of seized goods valued at \$1000 or less, see section 7325 (3).

(c) MISCELLANEOUS.—

(1) For bond as a condition precedent to the allowance of the credit for accrued foreign taxes, see section 905 (c).

(2) For bonds relating to alcohol and tobacco taxes, see generally subtitle E.

(d) BONDS REQUIRED WITH RESPECT TO CERTAIN PRODUCTS.—

(1) For bond in case of articles taxable under subchapter B of chapter 37 processed for exportation without payment of the tax provided therein, see section 4513 (c).

(2) For bond in case of oleomargarine removed from the place of manufacture for exportation to a foreign country, see section 4593 (b).

(3) For requirement of bonds with respect to certain industries see—

(A) section 4596 relating to a manufacturer of oleomargarine;

(B) section 4814 (c) relating to a manufacturer of process or renovated butter or adulterated butter;

(C) section 4833 (c) relating to a manufacturer of filled cheese;

(D) section 4713 (b) relating to a manufacturer of opium suitable for smoking purposes;

(E) section 4804 (c) relating to a manufacturer of white phosphorus matches;

(F) section 4101 relating to a producer or importer of gasoline or a manufacturer or producer of lubricating oils subject to tax under chapter 32.

(e) PERSONNEL BONDS.—

(1) For bonds of internal revenue personnel to insure faithful performance of duties, see section 7803 (c).

(2) For jurisdiction of United States district courts, concurrently with the courts of the several States, in an action on the official bond of any internal revenue officer or employee, see section 7402 (d).

(3) For bonds of postmasters to whom stamps have been furnished under section 6802 (1), see section 6803 (a) (1).

(4) For bonds in cases coming within the provisions of section 6802 (2) or (3), relating to stamps furnished a designated depository of the United States or State agent, see section 6803 (b) (1).

CHAPTER 74—CLOSING AGREEMENTS AND COMPROMISES

Sec. 7121. Closing agreements.

Sec. 7122. Compromises.

Sec. 7123. Cross references.

SEC. 7121. CLOSING AGREEMENTS.

(a) **AUTHORIZATION.**—The Secretary or his delegate is authorized to enter into an agreement in writing with any person relating to the liability of such person (or of the person or estate for whom he acts) in respect of any internal revenue tax for any taxable period.

(b) **FINALITY.**—If such agreement is approved by the Secretary or his delegate (within such time as may be stated in such agreement, or later agreed to) such agreement shall be final and conclusive, and, except upon a showing of fraud or malfeasance, or misrepresentation of a material fact—

(1) the case shall not be reopened as to the matters agreed upon or the agreement modified by any officer, employee, or agent of the United States, and

(2) in any suit, action, or proceeding, such agreement, or any determination, assessment, collection, payment, abatement, refund, or credit made in accordance therewith, shall not be annulled, modified, set aside, or disregarded.

SEC. 7122. COMPROMISES.

(a) **AUTHORIZATION.**—The Secretary or his delegate may compromise any civil or criminal case arising under the internal revenue laws prior to reference to the Department of Justice for prosecution or defense; and the Attorney General or his delegate may compromise any such case after reference to the Department of Justice for prosecution or defense.

(b) **RECORD.**—Whenever a compromise is made by the Secretary or his delegate in any case, there shall be placed on file in the office of the Secretary or his delegate the opinion of the General Counsel for the Department of the Treasury or his delegate, with his reasons therefor, with a statement of—

(1) The amount of tax assessed,

(2) The amount of interest, additional amount, addition to the tax, or assessable penalty, imposed by law on the person against whom the tax is assessed, and

(3) The amount actually paid in accordance with the terms of the compromise.

Notwithstanding the foregoing provisions of this subsection, no such opinion shall be required with respect to the compromise of any civil case in which the unpaid amount of tax assessed (including any interest, additional amount, addition to the tax, or assessable penalty) is less than \$500.

SEC. 7123. CROSS REFERENCES.

(a) CRIMINAL PENALTIES.—

For criminal penalties for concealment of property, false statement, or falsifying and destroying records, in connection with any closing agreement, compromise, or offer of compromise, see section 7206.

(b) **COMPROMISES AFTER JUDGMENT.**—

For compromises after judgment, see R. S. 3469 (31 U. S. C. 194).

CHAPTER 75—CRIMES, OTHER OFFENSES, AND FORFEITURES

- SUBCHAPTER A. Crimes.
- SUBCHAPTER B. Other offenses.
- SUBCHAPTER C. Forfeitures.
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Subchapter A—Crimes

- Part I. General provisions.
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PART I—GENERAL PROVISIONS

- Sec. 7201. Attempt to evade or defeat tax.
- Sec. 7202. Willful failure to collect or pay over tax.
- Sec. 7203. Willful failure to file return, supply information, or pay tax.
- Sec. 7204. Fraudulent statement or failure to make statement to employees.
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- Sec. 7206. Fraud and false statements.
- Sec. 7207. Fraudulent returns, statements, or other documents.
- Sec. 7208. Offenses relating to stamps.
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- Sec. 7210. Failure to obey summons.
- Sec. 7211. False statements to purchasers or lessees relating to tax.
- Sec. 7212. Attempts to interfere with administration of internal revenue laws.
- Sec. 7213. Unauthorized disclosure of information.
- Sec. 7214. Offenses by officers and employees of the United States.

SEC. 7201. ATTEMPT TO EVADE OR DEFEAT TAX.

Any person who willfully attempts in any manner to evade or defeat any tax imposed by this title or the payment thereof shall, in addition to other penalties provided by law, be guilty of a felony and, upon conviction thereof, shall be fined not more than \$10,000, or imprisoned not more than 5 years, or both, together with the costs of prosecution.

SEC. 7202. WILLFUL FAILURE TO COLLECT OR PAY OVER TAX.

Any person required under this title to collect, account for, and pay over any tax imposed by this title who willfully fails to collect or truthfully account for and pay over such tax shall, in addition to other penalties provided by law, be guilty of a felony and, upon conviction thereof, shall be fined not more than \$10,000, or imprisoned not more than 5 years, or both, together with the costs of prosecution.

SEC. 7203. WILLFUL FAILURE TO FILE RETURN, SUPPLY INFORMATION, OR PAY TAX.

Any person required under this title to pay any estimated tax or tax, or required by this title or by regulations made under authority thereof to make a return (other than a return required under authority

of section 6015 or section 6016), keep any records, or supply any information, who willfully fails to pay such estimated tax or tax, make such return, keep such records, or supply such information, at the time or times required by law or regulations, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than \$10,000, or imprisoned not more than 1 year, or both, together with the costs of prosecution.

SEC. 7204. FRAUDULENT STATEMENT OR FAILURE TO MAKE STATEMENT TO EMPLOYEES.

In lieu of any other penalty provided by law (except the penalty provided by section 6674) any person required under the provisions of section 6051 to furnish a statement who willfully furnishes a false or fraudulent statement or who willfully fails to furnish a statement in the manner, at the time, and showing the information required under section 6051, or regulations prescribed thereunder, shall, for each such offense, upon conviction thereof, be fined not more than \$1,000, or imprisoned not more than 1 year, or both.

SEC. 7205. FRAUDULENT WITHHOLDING EXEMPTION CERTIFICATE OR FAILURE TO SUPPLY INFORMATION.

Any individual required to supply information to his employer under section 3402 (f) who willfully supplies false or fraudulent information, or who willfully fails to supply information thereunder which would require an increase in the tax to be withheld under section 3402, shall, in lieu of any penalty otherwise provided, upon conviction thereof, be fined not more than \$500, or imprisoned not more than 1 year, or both.

SEC. 7206. FRAUD AND FALSE STATEMENTS.

Any person who—

(1) **DECLARATION UNDER PENALTIES OF PERJURY.**—Willfully makes and subscribes any return, statement, or other document, which contains or is verified by a written declaration that it is made under the penalties of perjury, and which he does not believe to be true and correct as to every material matter; or

(2) **AID OR ASSISTANCE.**—Willfully aids or assists in, or procures, counsels, or advises the preparation or presentation under, or in connection with any matter arising under, the internal revenue laws, of a return, affidavit, claim, or other document, which is fraudulent or is false as to any material matter, whether or not such falsity or fraud is with the knowledge or consent of the person authorized or required to present such return, affidavit, claim, or document; or

(3) **FRAUDULENT BONDS, PERMITS, AND ENTRIES.**—Simulates or falsely or fraudulently executes or signs any bond, permit, entry, or other document required by the provisions of the internal revenue laws, or by any regulation made in pursuance thereof, or procures the same to be falsely or fraudulently executed, or advises, aids in, or connives at such execution thereof; or

(4) **REMOVAL OR CONCEALMENT WITH INTENT TO DEFRAUD.**—Removes, deposits, or conceals, or is concerned in removing, depositing, or concealing, any goods or commodities for or in respect whereof any tax is or shall be imposed, or any property upon which

levy is authorized by section 6331, with intent to evade or defeat the assessment or collection of any tax imposed by this title; or

(5) **COMPROMISES AND CLOSING AGREEMENTS.**—In connection with any compromise under section 7122, or offer of such compromise, or in connection with any closing agreement under section 7121, or offer to enter into any such agreement, willfully—

(A) **CONCEALMENT OF PROPERTY.**—Conceals from any officer or employee of the United States any property belonging to the estate of a taxpayer or other person liable in respect of the tax, or

(B) **WITHHOLDING, FALSIFYING, AND DESTROYING RECORDS.**—Receives, withholds, destroys, mutilates, or falsifies any book, document, or record, or makes any false statement, relating to the estate or financial condition of the taxpayer or other person liable in respect of the tax;

shall be guilty of a felony and, upon conviction thereof, shall be fined not more than \$5,000, or imprisoned not more than 3 years, or both, together with the costs of prosecution.

SEC. 7207. FRAUDULENT RETURNS, STATEMENTS, OR OTHER DOCUMENTS.

Any person who willfully delivers or discloses to the Secretary or his delegate any list, return, account, statement, or other document, known by him to be fraudulent or to be false as to any material matter, shall be fined not more than \$1,000, or imprisoned not more than 1 year, or both.

SEC. 7208. OFFENSES RELATING TO STAMPS.

Any person who—

(1) **COUNTERFEITING.**—With intent to defraud, alters, forges, makes, or counterfeits any stamp, coupon, ticket, book, or other device prescribed under authority of this title for the collection or payment of any tax imposed by this title, or sells, lends, or has in his possession any such altered, forged, or counterfeited stamp, coupon, ticket, book, or other device, or makes, uses, sells, or has in his possession any material in imitation of the material used in the manufacture of such stamp, coupon, ticket, book, or other device; or

(2) **MUTILATION OR REMOVAL.**—Fraudulently cuts, tears, or removes from any vellum, parchment, paper, instrument, writing, package, or article, upon which any tax is imposed by this title, any adhesive stamp or the impression of any stamp, die, plate, or other article provided, made, or used in pursuance of this title; or

(3) **USE OF MUTILATED, INSUFFICIENT, OR COUNTERFEITED STAMPS.**—Fraudulently uses, joins, fixes, or places to, with, or upon any vellum, parchment, paper, instrument, writing, package, or article, upon which any tax is imposed by this title,

(A) any adhesive stamp, or the impression of any stamp, die, plate, or other article, which has been cut, torn, or removed from any other vellum, parchment, paper, instrument, writing, package, or article, upon which any tax is imposed by this title; or

(B) any adhesive stamp or the impression of any stamp, die, plate, or other article of insufficient value; or

(C) any forged or counterfeited stamp, or the impression of any forged or counterfeited stamp, die, plate, or other article; or

(4) REUSE OF STAMPS.—

(A) **PREPARATION FOR REUSE.**—Willfully removes, or alters the cancellation or defacing marks of, or otherwise prepares, any adhesive stamp, with intent to use, or cause the same to be used, after it has already been used; or

(B) **TRAFFICKING.**—Knowingly or willfully buys, sells, offers for sale, or gives away, any such washed or restored stamp to any person for use, or knowingly uses the same; or

(C) **POSSESSION.**—Knowingly and without lawful excuse (the burden of proof of such excuse being on the accused) has in possession any washed, restored, or altered stamp, which has been removed from any vellum, parchment, paper, instrument, writing, package, or article; or

(5) EMPTIED STAMPED PACKAGES.—Commits the offense described in section 7271 (relating to disposal and receipt of stamped packages) with intent to defraud the revenue, or to defraud any person;

shall be guilty of a felony and, upon conviction thereof, shall be fined not more than \$10,000, or imprisoned not more than 5 years, or both.

SEC. 7209. UNAUTHORIZED USE OR SALE OF STAMPS.

Any person who buys, sells, offers for sale, uses, transfers, takes or gives in exchange, or pledges or gives in pledge, except as authorized in this title or in regulations made pursuant thereto, any stamp, coupon, ticket, book, or other device prescribed by the Secretary or his delegate under this title for the collection or payment of any tax imposed by this title, shall, upon conviction thereof, be fined not more than \$1,000, or imprisoned not more than 6 months, or both.

SEC. 7210. FAILURE TO OBEY SUMMONS.

Any person who, being duly summoned to appear to testify, or to appear and produce books, accounts, records, memoranda, or other papers, as required under sections 7602, 7603, and 7604 (b), neglects to appear or to produce such books, accounts, records, memoranda, or other papers, shall, upon conviction thereof, be fined not more than \$1,000, or imprisoned not more than 1 year, or both, together with costs of prosecution.

SEC. 7211. FALSE STATEMENTS TO PURCHASERS OR LESSEES RELATING TO TAX.

Whoever in connection with the sale or lease, or offer for sale or lease, of any article, or for the purpose of making such sale or lease, makes any statement, written or oral—

(1) intended or calculated to lead any person to believe that any part of the price at which such article is sold or leased, or offered for sale or lease, consists of a tax imposed under the authority of the United States, or

(2) ascribing a particular part of such price to a tax imposed under the authority of the United States, knowing that such statement is false or that the tax is not so great as the portion of such price ascribed to such tax, shall be guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not more than \$1,000, or by imprisonment for not more than 1 year, or both.

SEC. 7212. ATTEMPTS TO INTERFERE WITH ADMINISTRATION OF INTERNAL REVENUE LAWS.

(a) **CORRUPT OR FORCIBLE INTERFERENCE.**—Whoever corruptly or by force or threats of force (including any threatening letter or communication) endeavors to intimidate or impede any officer or employee of the United States acting in an official capacity under this title, or in any other way corruptly or by force or threats of force (including any threatening letter or communication) obstructs or impedes, or endeavors to obstruct or impede, the due administration of this title, shall, upon conviction thereof, be fined not more than \$5,000, or imprisoned not more than 3 years, or both, except that if the offense is committed only by threats of force, the person convicted thereof shall be fined not more than \$3,000, or imprisoned not more than 1 year, or both. The term “threats of force”, as used in this subsection, means threats of bodily harm to the officer or employee of the United States or to a member of his family.

(b) **FORCIBLE RESCUE OF SEIZED PROPERTY.**—Any person who forcibly rescues or causes to be rescued any property after it shall have been seized under this title, or shall attempt or endeavor so to do, shall, excepting in cases otherwise provided for, for every such offense, be fined not more than \$500, or not more than double the value of the property so rescued, whichever is the greater, or be imprisoned not more than 2 years.

SEC. 7213. UNAUTHORIZED DISCLOSURE OF INFORMATION.**(a) INCOME RETURNS.—**

(1) **FEDERAL EMPLOYEES AND OTHER PERSONS.**—It shall be unlawful for any officer or employee of the United States to divulge or to make known in any manner whatever not provided by law to any person the amount or source of income, profits, losses, expenditures, or any particular thereof, set forth or disclosed in any income return, or to permit any income return or copy thereof or any book containing any abstract or particulars thereof to be seen or examined by any person except as provided by law; and it shall be unlawful for any person to print or publish in any manner whatever not provided by law any income return, or any part thereof or source of income, profits, losses, or expenditures appearing in any income return; and any person committing an offense against the foregoing provision shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than \$1,000, or imprisoned not more than 1 year, or both, together with the costs of prosecution; and if the offender be an officer or employee of the United States he shall be dismissed from office or discharged from employment.

(2) **STATE EMPLOYEES.**—Any officer, employee, or agent of any State or political subdivision, who divulges (except as authorized in section 6103 (b)), or when called upon to testify in any judicial or administrative proceeding to which the State or political subdivision, or such State or local official, body, or commission, as such, is a party), or who makes known to any person in any manner whatever not provided by law, any information acquired by him through an inspection permitted him or another under section 6103 (b), or who permits any income return or copy thereof or any book containing any abstract or particulars thereof, or any other information, acquired by him through an inspection permitted him

or another under section 6103 (b), to be seen or examined by any person except as provided by law, shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than \$1,000, or imprisoned not more than 1 year, or both, together with the costs of prosecution.

(3) **SHAREHOLDERS.**—Any shareholder who pursuant to the provisions of section 6103 (c) is allowed to examine the return of any corporation, and who makes known in any manner whatever not provided by law the amount or source of income, profits, losses, expenditures, or any particular thereof, set forth or disclosed in any such return, shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than \$1,000, or imprisoned not more than 1 year, or both, together with the costs of prosecution.

(b) **DISCLOSURE OF OPERATIONS OF MANUFACTURER OR PRODUCER.**—Any officer or employee of the United States who divulges or makes known in any manner whatever not provided by law to any person the operations, style of work, or apparatus of any manufacturer or producer visited by him in the discharge of his official duties shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than \$1,000, or imprisoned not more than 1 year, or both, together with the costs of prosecution; and the offender shall be dismissed from office or discharged from employment.

(c) **CROSS REFERENCES.**—

(1) **RETURNS OF FEDERAL UNEMPLOYMENT TAX.**—

For special provisions applicable to returns of tax under chapter 23 (relating to Federal Unemployment Tax), see section 6106.

(2) **PENALTIES FOR DISCLOSURE OF CONFIDENTIAL INFORMATION.**—

For penalties for disclosure of confidential information by any officer or employee of the United States or any department or agency thereof, see 18 U. S. C. 1905.

SEC. 7214. OFFENSES BY OFFICERS AND EMPLOYEES OF THE UNITED STATES.

(a) **UNLAWFUL ACTS OF REVENUE OFFICERS OR AGENTS.**—Any officer or employee of the United States acting in connection with any revenue law of the United States—

(1) who is guilty of any extortion or willful oppression under color of law; or

(2) who knowingly demands other or greater sums than are authorized by law, or receives any fee, compensation, or reward, except as by law prescribed, for the performance of any duty; or

(3) who with intent to defeat the application of any provision of this title fails to perform any of the duties of his office or employment; or

(4) who conspires or colludes with any other person to defraud the United States; or

(5) who knowingly makes opportunity for any person to defraud the United States; or

(6) who does or omits to do any act with intent to enable any other person to defraud the United States; or

(7) who makes or signs any fraudulent entry in any book, or makes or signs any fraudulent certificate, return, or statement; or

(8) who, having knowledge or information of the violation of any revenue law by any person, or of fraud committed by any person

against the United States under any revenue law, fails to report, in writing, such knowledge or information to the Secretary or his delegate; or

(9) who demands, or accepts, or attempts to collect, directly or indirectly as payment or gift, or otherwise, any sum of money or other thing of value for the compromise, adjustment, or settlement of any charge or complaint for any violation or alleged violation of law, except as expressly authorized by law so to do; shall be dismissed from office or discharged from employment and, upon conviction thereof, shall be fined not more than \$10,000, or imprisoned not more than 5 years, or both. The court may in its discretion award out of the fine so imposed an amount, not in excess of one-half thereof, for the use of the informer, if any, who shall be ascertained by the judgment of the court. The court also shall render judgment against the said officer or employee for the amount of damages sustained in favor of the party injured, to be collected by execution.

(b) **INTEREST OF INTERNAL REVENUE OFFICER OR EMPLOYEE IN TOBACCO OR LIQUOR PRODUCTION.**—Any internal revenue officer or employee interested, directly or indirectly, in the manufacture of tobacco, snuff, or cigarettes, or in the production, rectification, or redistillation of distilled spirits, shall be dismissed from office; and each such officer or employee so interested in any such manufacture or production, rectification, or redistillation or production of fermented liquors shall be fined not more than \$5,000.

(c) **CROSS REFERENCES.**—

(1) For penalty imposed for unlawfully removing or permitting to be removed distilled spirits from a bonded warehouse, see section 5632.

(2) For penalty on collecting or disbursing officers trading in public funds or debts or property, see 18 U. S. C. 1901.

PART II—PENALTIES APPLICABLE TO CERTAIN TAXES

Sec. 7231. Failure to obtain license for collection of foreign items.

Sec. 7232. Failure to register or give bond, or false statement by manufacturer or producer of gasoline or lubricating oil.

Sec. 7233. Failure to pay, or attempt to evade payment of, tax on cotton futures, and other violations.

Sec. 7234. Violation of laws relating to oleomargarine or adulterated butter operations.

Sec. 7235. Violation of laws relating to adulterated butter and process or renovated butter.

Sec. 7236. Violation of laws relating to filled cheese.

Sec. 7237. Violation of laws relating to narcotic drugs and to marihuana.

Sec. 7238. Violation of laws relating to opium for smoking.

Sec. 7239. Violations of laws relating to white phosphorus matches.

Sec. 7240. Officials investing or speculating in sugar.

SEC. 7231. FAILURE TO OBTAIN LICENSE FOR COLLECTION OF FOREIGN ITEMS.

Any person required by section 7001 (relating to collection of certain foreign items) to obtain a license who knowingly undertakes to collect the payments described in section 7001 without having obtained a license therefor, or without complying with regulations prescribed under section 7001, shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than \$5,000, or imprisoned not more than 1 year, or both.

SEC. 7232. FAILURE TO REGISTER OR GIVE BOND, OR FALSE STATEMENT BY MANUFACTURER OR PRODUCER OF GASOLINE OR LUBRICATING OIL.

Every person who fails to register or give bond as required by section 4101, or who in connection with any purchase of gasoline or lubricating oil falsely represents himself to be registered and bonded as provided by section 4101, or who willfully makes any false statement in an application for registration under section 4101, shall, upon conviction thereof, be fined not more than \$5,000, or imprisoned not more than 5 years, or both, together with the costs of prosecution.

SEC. 7233. FAILURE TO PAY, OR ATTEMPT TO EVADE PAYMENT OF, TAX ON COTTON FUTURES, AND OTHER VIOLATIONS.

Any person—

(1) **NONPAYMENT OR EVASION OF TAX.**—Liable to the payment of any tax imposed by subchapter D of chapter 39, who fails to pay, or evades, or attempts to evade the payment of such tax; and

(2) **OTHER VIOLATIONS.**—Who otherwise violates any provision of subchapter D of chapter 39, or any rule or regulation made in pursuance thereof;

shall, upon conviction thereof, be fined not less than \$100 nor more than \$20,000, in the discretion of the court; and, in case of natural persons, may, in addition, be punished by imprisonment for not less than 60 days nor more than 3 years, in the discretion of the court.

SEC. 7234. VIOLATION OF LAWS RELATING TO OLEOMARGARINE OR ADULTERATED BUTTER OPERATIONS.

(a) **FALSE BRANDING, SELLING, OR PACKING, IN VIOLATION OF LAW.**—Every person who knowingly sells or offers for sale, or delivers or offers to deliver, any oleomargarine in any other form than in new wooden, tin-plate, or paper packages, as described in section 4594 (a) and (b), or who packs in any package any oleomargarine in any manner contrary to law, or who falsely brands any package or affixes a stamp on any package denoting a less amount of tax than that required by law shall be fined for each offense not more than \$1,000, and be imprisoned not more than 2 years.

(b) **REMOVAL OR DEFACEMENT OF STAMPS, MARKS, OR BRANDS.**—Any person who shall willfully remove or deface the stamps, marks, or brands on a package containing oleomargarine or adulterated butter, taxed as provided by subchapter F of chapter 38, or subchapter C of chapter 39, respectively, shall be guilty of a misdemeanor, and shall be punished by a fine of not less than \$100 nor more than \$2,000, and by imprisonment for not less than 30 days nor more than 6 months.

(c) **FAILURE OF WHOLESALE DEALERS TO KEEP OR PERMIT INSPECTION OF BOOKS, OR TO RENDER RETURNS.**—Any person who willfully violates any of the provisions of section 4597 (a) shall for each such offense be fined not less than \$50 and not exceeding \$500, and imprisoned not less than 30 days nor more than 6 months.

(d) **IMPORTED OLEOMARGARINE OR ADULTERATED BUTTER.**—

(1) **FAILURE OF CUSTOMS OFFICER TO COMPLY WITH LAW.**—Every officer or employee of the Treasury Department having duties under section 4591 who permits any imported oleomargarine or adulterated butter to pass out of his custody or control without compliance by the owner or importer thereof with the provisions of section 4591 relating thereto, shall be fined not less than \$1,000 nor more than

\$5,000, and imprisoned not less than 6 months nor more than 3 years.

(2) **EMPTY PACKAGES.**—

(A) **FAILURE TO DESTROY STAMPS.**—Any person who willfully neglects or refuses to destroy utterly the stamps on any empty package which contained oleomargarine or adulterated butter, or filled cheese shall for each such offense be fined not exceeding \$50, and imprisoned not less than 10 days nor more than 6 months; and

(B) **TRAFFICKING.**—Any person who fraudulently gives away or accepts from another, or who sells, buys, or uses for packing oleomargarine or adulterated butter, any such stamped package shall for each such offense be fined not exceeding \$100, and be imprisoned not more than 1 year.

(3) **SALE WHEN IMPROPERLY PACKED OR STAMPED.**—Every person who sells or offers for sale any imported oleomargarine or adulterated butter, or oleomargarine or adulterated butter purporting or claimed to have been imported, not put up in packages and stamped as provided by subchapter F of chapter 38 or subchapter C of chapter 39, shall be fined not less than \$500 nor more than \$5,000, and be imprisoned not less than 6 months nor more than 2 years.

(4) **FRAUD BY IMPORTER.**—Whenever any person importing oleomargarine defrauds, or attempts to defraud, the United States of the tax on the oleomargarine imported by him, or any part thereof, he shall be fined not less than \$500 nor more than \$5,000, and shall be imprisoned not less than 6 months nor more than 3 years.

SEC. 7235. VIOLATION OF LAWS RELATING TO ADULTERATED BUTTER AND PROCESS OR RENOVATED BUTTER.

(a) **ADULTERATED BUTTER—FALSE BRANDING, SALE, PACKING, OR STAMPING IN VIOLATION OF LAW.**—Every person who knowingly sells or offers for sale, or delivers or offers to deliver, any adulterated butter in any other form than in new wooden, tin-plate, or paper packages as described in section 4815 (a), or who packs in any package any adulterated butter in any manner contrary to law, or who falsely brands any package or affixes a stamp on any package denoting a less amount of tax than that required by law, shall be fined for each offense not more than \$1,000, and be imprisoned not more than 2 years.

(b) **FAILURE OF WHOLESALE DEALERS TO KEEP OR PERMIT INSPECTION OF BOOKS, OR TO RENDER RETURNS.**—Any person who willfully violates any of the provisions of section 4815 (b) shall for each such offense be fined not less than \$50 and not exceeding \$500, and imprisoned not less than 30 days nor more than 6 months.

(c) **FAILURE TO COMPLY WITH PROVISIONS RELATING TO THE MANUFACTURE, STORAGE, AND MARKING OF PROCESS OR RENOVATED BUTTER.**—Any person, firm, or corporation violating any of the provisions of section 4817 shall be deemed guilty of a misdemeanor and on conviction thereof shall be punished by a fine of not more than \$1,000, or by imprisonment for not more than 6 months, or by both such fine and imprisonment, in the discretion of the court.

(d) **DEALERS IN ADULTERATED BUTTER.**—Every person who carries on the business of a dealer in adulterated butter without having paid the special tax therefor, as required by law, shall, besides being liable

to the payment of the tax, be fined not less than \$50 nor more than \$500 for each offense.

(e) **FRAUD BY MANUFACTURER.**—Whenever any person manufacturing adulterated butter defrauds, or attempts to defraud, the United States of the tax on the adulterated butter manufactured by him, or any part thereof, he shall be fined not less than \$500 nor more than \$5,000, and shall be imprisoned not less than 6 months nor more than 3 years.

SEC. 7236. VIOLATION OF LAWS RELATING TO FILLED CHEESE.

FALSE BRANDING, SALE, PACKING, OR STAMPING IN VIOLATION OF LAW.—Every person who knowingly sells or offers to sell, or delivers or offers to deliver, filled cheese in any other form than in new wooden or paper packages, marked and branded as provided for and described in section 4834 (b), or who packs in any package or packages filled cheese in any manner contrary to law, or who falsely brands any package or affixes a stamp on any package denoting a less amount of tax than that required by law, shall upon conviction thereof be fined for each and every offense not less than \$50 and not more than \$500, or be imprisoned not less than 30 days nor more than 1 year.

SEC. 7237. VIOLATION OF LAWS RELATING TO NARCOTIC DRUGS AND TO MARIHUANA.

(a) **VIOLATION OF LAW RELATING TO OPIUM AND COCA LEAVES AND MARIHUANA.**—Whoever commits an offense or conspires to commit an offense described in subpart C of part I, or part II of subchapter A of chapter 39 for which no specific penalty is otherwise provided, shall be fined not more than \$2,000 and imprisoned not less than 2 or more than 5 years. For a second offense, the offender shall be fined not more than \$2,000 and imprisoned not less than 5 or more than 10 years. For a third or subsequent offense, the offender shall be fined not more than \$2,000 and imprisoned not less than 10 or more than 20 years. Upon conviction for a second or subsequent offense, the imposition or execution of sentence shall not be suspended and probation shall not be granted. For the purpose of this subsection, an offender shall be considered a second or subsequent offender, as the case may be, if he previously has been convicted of any offense the penalty for which is provided in this subsection or in section 2 (c) of the Narcotic Drugs Import and Export Act, as amended (21 U. S. C. 174), or if he previously has been convicted of any offense the penalty for which was provided in section 9, chapter 1, of the act of December 17, 1914 (38 Stat. 789), as amended; section 1, chapter 202, of the act of May 26, 1922 (42 Stat. 596), as amended; section 12, chapter 553, of the act of August 2, 1937 (50 Stat. 556), as amended; or sections 2557 (b) (1) or 2596 of the Internal Revenue Code enacted February 10, 1939 (ch. 2, 53 Stat. 274, 282), as amended. After conviction, but prior to pronouncement of sentence, the court shall be advised by the United States attorney whether the conviction is the offender's first or a subsequent offense. If it is not a first offense, the United States attorney shall file an information setting forth the prior convictions. The offender shall have the opportunity in open court to affirm or deny that he is identical with the person previously convicted. If he denies the identity, sentence shall be postponed for such time as to permit a trial before a jury on the sole issue of the offender's identity with the person previously convicted.

If the offender is found by the jury to be the person previously convicted, or if he acknowledges that he is such person, he shall be sentenced as prescribed in this subsection.

(b) **UNLAWFUL DISCLOSURE OF INFORMATION ON RETURNS OR ORDER FORMS.**—Any person who shall disclose the information contained in the statements or returns required under section 4732 (b) or in the duplicate order forms required in section 4705 (e), except as expressly provided in section 4773, and except for the purpose of enforcing the provisions of subpart C of part I of subchapter A of chapter 39, or for the purpose of enforcing any law of any State or Territory or the District of Columbia, or any insular possession of the United States, or ordinance of any organized municipality therein, regulating the sale, prescribing, dispensing, dealing in, or distribution of narcotic drugs, shall, on conviction, be fined or imprisoned as provided by subsection (a) of this section.

SEC. 7238. VIOLATION OF LAWS RELATING TO OPIUM FOR SMOKING.

A penalty of not less than \$10,000 or imprisonment for not less than 5 years, or both, in the discretion of the court, shall be imposed for each and every violation of subpart B of part I of subchapter A of chapter 39 (relating to opium for smoking) by any person or persons.

SEC. 7239. VIOLATIONS OF LAWS RELATING TO WHITE PHOSPHORUS MATCHES.

(a) **SELLING UNSTAMPED MATCHES.**—Any manufacturer of matches who manufactures, sells, removes, distributes, or offers to sell or distribute, white phosphorus matches without there being affixed thereto an adhesive stamp, denoting the tax required by subchapter B of chapter 39 effectually canceled as provided by section 4804 (a) (2), shall, for each offense, be guilty of a felony and, upon conviction thereof, shall be fined not more than \$1,000, or imprisoned not more than 2 years, or both.

(b) **USE OF INSUFFICIENT STAMPS.**—Every person who affixes a stamp on any package of white phosphorus matches denoting a less amount of tax than that required by law shall, for each offense, be guilty of a felony and, upon conviction thereof, shall be fined not more than \$1,000, or imprisoned not more than 2 years, or both.

SEC. 7240. OFFICIALS INVESTING OR SPECULATING IN SUGAR.

Any person, while acting in any official capacity in the administration of subchapter A of chapter 37, relating to manufactured sugar, who invests or speculates in sugar or liquid sugar, contracts relating thereto, or the stock or membership interests of any association or corporation engaged in the production or manufacture of sugar or liquid sugar, shall be dismissed from office or discharged from employment and shall be guilty of a felony and, upon conviction thereof, be fined not more than \$10,000, or imprisoned not more than 2 years, or both.

Subchapter B—Other Offenses

- Sec. 7261. Representation that retailers' excise tax is excluded from price of article.
- Sec. 7262. Violation of occupational tax laws relating to wagering—failure to pay special tax.
- Sec. 7263. Penalties relating to cotton futures.
- Sec. 7264. Offenses relating to renovated or adulterated butter.
- Sec. 7265. Other offenses relating to oleomargarine or adulterated butter operations.
- Sec. 7266. Offenses relating to filled cheese.
- Sec. 7267. Offenses relating to white phosphorus matches.
- Sec. 7268. Possession with intent to sell in fraud of law or to evade tax.
- Sec. 7269. Failure to produce records.
- Sec. 7270. Insurance policies.
- Sec. 7271. Penalties for offenses relating to stamps.
- Sec. 7272. Penalty for failure to register.
- Sec. 7273. Penalties for offenses relating to special taxes.
- Sec. 7274. Penalty for offenses relating to white phosphorus matches.
- Sec. 7275. Failure to print correct price on tickets.

SEC. 7261. REPRESENTATION THAT RETAILERS' EXCISE TAX IS EXCLUDED FROM PRICE OF ARTICLE.

Whoever, in connection with the sale or lease, or offer for sale or lease, of any article taxable under chapter 31, makes any statement, written or oral, in advertisement or otherwise, intended or calculated to lead any person to believe that the price of the article does not include the tax imposed by chapter 31, shall on conviction thereof be fined not more than \$1,000.

SEC. 7262. VIOLATION OF OCCUPATIONAL TAX LAWS RELATING TO WAGERING—FAILURE TO PAY SPECIAL TAX.

Any person who does any act which makes him liable for special tax under subchapter B of chapter 35 without having paid such tax, shall, besides being liable to the payment of the tax, be fined not less than \$1,000 and not more than \$5,000.

SEC. 7263. PENALTIES RELATING TO COTTON FUTURES.

(a) **WITHHOLDING INFORMATION.**—Any person engaged in the business of dealing in cotton who shall, within a reasonable time prescribed by the Secretary of Agriculture or any agent acting under his instructions, willfully fail or refuse to answer questions or to produce books, letters, papers, or documents, as required under section 4862 (b), or who shall willfully give any answer that is false or misleading, shall, upon conviction thereof, be fined not more than \$500.

(b) **CIVIL PENALTIES.**—In addition to the criminal penalties provided by section 7233, there shall be imposed, on account of each violation of subchapter D of chapter 39, relating to cotton futures, a penalty of \$2,000, to be recovered in a civil action founded on subchapter D of chapter 39 in the name of the United States as plaintiff, and when so recovered one-half of said amount shall be paid over to the person giving the information upon which such recovery was based.

It shall be the duty of United States attorneys, to whom satisfactory evidence of violations of subchapter D of chapter 39 is furnished, to institute and prosecute actions for the recovery of the penalties prescribed by this subsection.

SEC. 7264. OFFENSES RELATING TO RENOVATED OR ADULTERATED BUTTER.

Every person who carries on the business of a manufacturer of process or renovated butter or adulterated butter without having paid the special tax therefor, as required by law, shall, besides being liable to the payment of the tax, be fined not less than \$1,000 nor more than \$5,000.

SEC. 7265. OTHER OFFENSES RELATING TO OLEOMARGARINE OR ADULTERATED BUTTER OPERATIONS.

(a) OMISSION OR REMOVAL OF LABEL.—

(1) Every manufacturer of oleomargarine who neglects to affix the label described in section 4594 (c) to any package containing oleomargarine made by him, or sold or offered for sale by or for him, and every person who removes any such label so affixed from any such package, shall be fined \$50 for each package in respect to which such offense is committed.

(2) Every manufacturer of adulterated butter who neglects to affix the label required under section 4814 (a) (1) to any package containing adulterated butter made by him, or sold or offered for sale for or by him, and every person who removes any such label so affixed from any such package shall be fined \$50 for each package in respect to which such offense is committed.

(b) PURCHASING WHEN NOT PROPERLY BRANDED OR STAMPED.—Every person who knowingly purchases or receives for sale any oleomargarine or adulterated butter which has not been branded or stamped according to law shall be liable to a penalty of \$50 for each such offense.

(c) OTHER OFFENSES.—If any manufacturer of oleomargarine or adulterated butter, any dealer therein or any importer or exporter thereof shall knowingly or willfully omit, neglect, or refuse to do, or cause to be done, any of the things required by law in the carrying on or conducting of his business, or shall do anything prohibited by subchapter F of chapter 38 or subchapter C of chapter 39, if there be no specific penalty or punishment imposed by any other provision of this chapter or chapter 68 for the neglecting, omitting, or refusing to do, or for the doing or causing to be done, the things required or prohibited, he shall pay a penalty of \$1,000.

SEC. 7266. OFFENSES RELATING TO FILLED CHEESE.

(a) FAILURE TO PAY SPECIAL TAX.—Every person, firm, or corporation—

(1) **MANUFACTURERS.—**Who carries on the business of a manufacturer of filled cheese without having paid the special tax therefor, as required by law, shall, besides being liable to the payment of the tax, be fined not less than \$400 nor more than \$3,000; and

(2) **WHOLESALE DEALERS.—**Who carries on the business of a wholesale dealer in filled cheese without having paid the special tax therefor, as required by law, shall, besides being liable to the payment of the tax, be fined not less than \$250 nor more than \$1,000; and

(3) **RETAIL DEALERS.**—Who carries on the business of a retail dealer in filled cheese without having paid the special tax therefor, as required by law, shall, besides being liable for the payment of the tax, be fined not less than \$40 nor more than \$500 for each and every offense.

(b) **OTHER OFFENSES.**—Any manufacturer of filled cheese who fails to comply with the provisions of section 4833 (b) and (c), or with the regulations therein authorized, shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined not less than \$500 nor more than \$1,000.

(c) **FAILURE OF WHOLESALE AND RETAIL DEALERS TO DISPLAY SIGNS.**—Any wholesale or retail dealer in filled cheese who fails or neglects to comply with the provisions of section 4834 (a) shall be deemed guilty of a misdemeanor, and shall on conviction thereof be fined for each and every offense not less than \$50 and not more than \$200.

(d) **OMISSION OR REMOVAL OF LABEL.**—Every manufacturer of filled cheese who neglects to affix the label provided for in section 4833 (a) (2) to any package containing filled cheese made by him or sold or offered for sale by or for him, and every person who removes any such label so affixed from any such package, shall be fined \$50 for each package in respect to which such offense is committed.

(e) **PURCHASING WHEN SPECIAL TAX NOT PAID.**—Every person who knowingly purchases or receives for sale any filled cheese from any manufacturer or importer who has not paid the special tax provided for in section 4841 shall be liable, for each offense, to a penalty of \$100.

(f) **PURCHASING WHEN NOT STAMPED, BRANDED, OR MARKED ACCORDING TO LAW.**—Any person who knowingly purchases or receives for sale any filled cheese which has not been branded or stamped according to law, or which is contained in packages not branded or marked according to law, shall be liable to a penalty of \$50 for each such offense.

SEC. 7267. OFFENSES RELATING TO WHITE PHOSPHORUS MATCHES.

(a) **EXPORTATION OF MATCHES.**—Any person guilty of violation of section 4805 (b) shall be fined not less than \$1,000 and not more than \$5,000.

(b) **OFFENSES NOT SPECIFICALLY COVERED.**—If any manufacturer of white phosphorus matches, or any importer or exporter of matches, shall omit, neglect, or refuse to do or cause to be done any of the things required by law in carrying on or conducting his business, or shall do anything prohibited by subchapter B of chapter 39, if there be no specific penalty or punishment imposed by any other provision of this chapter or chapter 68 for the neglecting, omitting, or refusing to do, or for the doing or causing to be done, the thing required or prohibited, he shall be fined \$1,000 for each offense.

(c) **OMISSION OF LABEL FROM PACKAGES.**—Every manufacturer of white phosphorus matches who neglects to affix the label required by section 4804 (a) (4) to any original package containing stamped packages of white phosphorus matches made by him or sold or removed by or for him, and every person who removes any such label so affixed from any such original package, shall be fined not more

than \$50 for each package in respect of which such offense is committed.

(d) **OMISSION OF FACTORY NUMBER FROM PACKAGES.**—Every manufacturer of white phosphorus matches who omits to mark, brand, affix, stamp, or print the factory number required under section 4804 (b) on every package of white phosphorus matches manufactured, sold, or removed by him shall be fined not more than \$50 for each package in respect of which such offense is committed.

SEC. 7268. POSSESSION WITH INTENT TO SELL IN FRAUD OF LAW OR TO EVADE TAX.

Every person who shall have in his custody or possession any goods, wares, merchandise, articles, or objects on which taxes are imposed by law, for the purpose of selling the same in fraud of the internal revenue laws, or with design to avoid payment of the taxes imposed thereon, shall be liable to a penalty of \$500 or not less than double the amount of taxes fraudulently attempted to be evaded.

SEC. 7269. FAILURE TO PRODUCE RECORDS.

Whoever fails to comply with any duty imposed upon him by section 6018, 6036 (in the case of an executor), or 6075 (a), or, having in his possession or control any record, file, or paper, containing or supposed to contain any information concerning the estate of the decedent, or, having in his possession or control any property comprised in the gross estate of the decedent, fails to exhibit the same upon request to the Secretary or his delegate who desires to examine the same in the performance of his duties under chapter 11 (relating to estate taxes), shall be liable to a penalty of not exceeding \$500, to be recovered, with costs of suit, in a civil action in the name of the United States.

SEC. 7270. INSURANCE POLICIES.

Any person who fails to comply with the requirements of section 4374 (relating to the affixing of stamps on insurance policies, etc.), with intent to evade the tax shall, in addition to other penalties provided therefor, pay a fine of double the amount of the tax.

SEC. 7271. PENALTIES FOR OFFENSES RELATING TO STAMPS.

Any person who with respect to any tax payable by stamps—

(1) **FAILURE TO ATTACH OR CANCEL STAMPS, ETC.**—Fails to comply with rules or regulations prescribed pursuant to section 6804 (relating to attachment, cancellation, etc., of stamps), unless such failure is shown to be due to reasonable cause and not willful neglect; or

(2) **MANUFACTURE OR OFFER FOR SALE.**—Manufactures or imports and sells, or offers for sale, or causes to be manufactured or imported and sold, or offered for sale, any playing cards, package, or other article without the full amount of tax being duly paid; or

(3) **INSTRUMENTS.**—Makes, signs, issues, or accepts, or causes to be made, signed, issued, or accepted, any instrument, document, or paper of any kind or description whatsoever without the full amount of tax thereon being duly paid; or

(4) **DISPOSAL AND RECEIPT OF STAMPED PACKAGES.**—In the case of any container which is stamped, branded, or marked (whether or not under authority of law) in such manner as to show that the provisions of the internal revenue laws with respect to the contents

or intended contents thereof have been complied with, and which is empty or contains any contents other than contents therein when the container was lawfully stamped, branded, or marked—

(A) Transfers or receives (whether by sale, gift, or otherwise) such container knowing it to be empty or to contain such other contents; or

(B) Stamps, brands, or marks such container, or otherwise produces such a stamped, branded, or marked container, knowing it to be empty or to contain such other contents; shall be liable for each such offense to a penalty of \$50.

SEC. 7272. PENALTY FOR FAILURE TO REGISTER.

(a) IN GENERAL.—Any person who fails to register with the Secretary or his delegate as required by this title or by regulations issued thereunder shall be liable to a penalty of \$50.

(b) CROSS REFERENCES.—

For provisions relating to persons required by this title to register, see sections 4101, 4273, 4412, 4455, 4722, 4753, 4804 (d), 5802, 5841, and 7011.

SEC. 7273. PENALTIES FOR OFFENSES RELATING TO SPECIAL TAXES.

(a) GENERAL RULE.—Any person who shall fail to place and keep stamps denoting the payment of the special tax as provided in section 6806 (a) or (b) (whichever is applicable) shall be liable to a penalty equal to the special tax for which his business rendered him liable (unless such failure is shown to be due to reasonable cause); but in no case shall said penalty be less than \$10. Where the failure to comply with the provisions of section 6806 (a) or (b) shall be through willful neglect or refusal, then the penalty shall be double the amount above prescribed. Nothing in this subsection shall in any way affect the liability of any person for exercising or carrying on any trade, business, or profession, or doing any act for the exercising, carrying on, or doing of which a special tax is imposed by law, without the payment thereof.

(b) FAILURE TO POST OR EXHIBIT SPECIAL WAGERING TAX STAMP.—Any person who, through negligence, fails to comply with section 6806 (c) relating to the posting or exhibiting of the special wagering tax stamp, shall be liable to a penalty of \$50. Any person who, through willful neglect or refusal, fails to comply with section 6806 (c) shall be liable to a penalty of \$100.

SEC. 7274. PENALTY FOR OFFENSES RELATING TO WHITE PHOSPHORUS MATCHES.

Any manufacturer of white phosphorus matches who omits to mark, brand, affix, stamp, or print the factory number required under section 4804 (b) on every package of white phosphorus matches manufactured, sold, or removed by him shall be liable to a penalty of \$50 for each package in respect of which such offense is committed.

SEC. 7275. FAILURE TO PRINT CORRECT PRICE ON TICKETS.

For penalty applicable to certain offenses relating to admissions taxes, see section 4234 (b).

Subchapter C—Forfeitures

Part I. Property subject to forfeiture.

Part II. Provisions common to forfeitures.

PART I—PROPERTY SUBJECT TO FORFEITURE

Sec. 7301. Property subject to tax.

Sec. 7302. Property used in violation of internal revenue laws.

Sec. 7303. Other property subject to forfeiture.

Sec. 7304. Penalty for fraudulently claiming drawback.

SEC. 7301. PROPERTY SUBJECT TO TAX.

(a) **TAXABLE ARTICLES.**—Any property on which, or for or in respect whereof, any tax is imposed by this title which shall be found in the possession or custody or within the control of any person, for the purpose of being sold or removed by him in fraud of the internal revenue laws, or with design to avoid payment of such tax, or which is removed, deposited, or concealed, with intent to defraud the United States of such tax or any part thereof, may be seized, and shall be forfeited to the United States.

(b) **RAW MATERIALS.**—All property found in the possession of any person intending to manufacture the same into property of a kind subject to tax for the purpose of selling such taxable property in fraud of the internal revenue laws, or with design to evade the payment of such tax, may also be seized, and shall be forfeited to the United States.

(c) **EQUIPMENT.**—All property whatsoever, in the place or building, or any yard or enclosure, where the property described in subsection (a) or (b) is found, or which is intended to be used in the making of property described in subsection (a), with intent to defraud the United States of tax or any part thereof, on the property described in subsection (a) may also be seized, and shall be forfeited to the United States.

(d) **PACKAGES.**—All property used as a container for, or which shall have contained, property described in subsection (a) or (b) may also be seized, and shall be forfeited to the United States.

(e) **CONVEYANCES.**—Any property (including aircraft, vehicles, vessels, or draft animals) used to transport or for the deposit or concealment of property described in subsection (a) or (b) may also be seized, and shall be forfeited to the United States.

SEC. 7302. PROPERTY USED IN VIOLATION OF INTERNAL REVENUE LAWS.

It shall be unlawful to have or possess any property intended for use in violating the provisions of the internal revenue laws, or regulations prescribed under such laws, or which has been so used, and no property rights shall exist in any such property. A search warrant may issue as provided in chapter 205 of title 18 of the United States Code and the Federal Rules of Criminal Procedure for the seizure of such property. Nothing in this section shall in any manner limit or

affect any criminal or forfeiture provision of the internal revenue laws, or of any other law. The seizure and forfeiture of any property under the provisions of this section and the disposition of such property subsequent to seizure and forfeiture, or the disposition of the proceeds from the sale of such property, shall be in accordance with existing laws or those hereafter in existence relating to seizures, forfeitures, and disposition of property or proceeds, for violation of the internal revenue laws.

SEC. 7303. OTHER PROPERTY SUBJECT TO FORFEITURE.

There may be seized and forfeited to the United States the following:

(1) COUNTERFEIT STAMPS.—Every stamp involved in the offense described in section 7208 (relating to counterfeit, reused, cancelled, etc., stamps), and the vellum, parchment, document, paper, package, or article upon which such stamp was placed or impressed in connection with such offense.

(2) OLEOMARGARINE AND FILLED CHEESE.—Any oleomargarine, filled cheese, or adulterated butter, intended for human consumption which contains any ingredient adjudged, as provided in section 4817, 4818, or 4835, whichever is applicable, to be deleterious to the public health.

(3) OFFENSES BY MANUFACTURER OR IMPORTER OF OR WHOLESALE DEALER IN OLEOMARGARINE OR ADULTERATED BUTTER.—All oleomargarine or adulterated butter owned by any manufacturer or importer of or wholesale dealer in oleomargarine or adulterated butter, or in which he has any interest as owner, if he shall knowingly or willfully omit, neglect, or refuse to do, or cause to be done, any of the things required by law in the carrying on or conducting of his business, or if he shall do anything prohibited by subchapter F of chapter 38, or subchapter C of chapter 39.

(4) PURCHASE OR RECEIPT OF FILLED CHEESE OR ADULTERATED BUTTER.—All articles of filled cheese or adulterated butter (or the full value thereof) knowingly purchased or received by any person from any manufacturer or importer who has not paid the special tax provided in section 4821 or 4841.

(5) PACKAGES OF OLEOMARGARINE OR FILLED CHEESE.—All packages of oleomargarine or filled cheese subject to the tax under subchapter F of chapter 38, or part II of subchapter C of chapter 39, whichever is applicable, that shall be found without the stamps or marks provided for in the applicable subchapter or part thereof.

(6) WHITE PHOSPHORUS MATCHES.—

(A) All packages of white phosphorus matches subject to tax under subchapter B of chapter 39 and found without the stamps required by subchapter B of chapter 39.

(B) All the white phosphorus matches owned by any manufacturer of white phosphorus matches, or any importer or exporter of matches, or in which he has any interest as owner if he shall omit, neglect, or refuse to do or cause to be done any of the things required by law in carrying on or conducting his business, or shall do anything prohibited by subchapter B of chapter 39, if there be no specific penalty or punishment imposed by any other provision of subchapter B of chapter 39 for the neglecting, omitting, or refusing to do, or for the doing or causing to be done, the thing required or prohibited.

(7) **FALSE STAMPING OF PACKAGES.**—Any container involved in the offense described in section 7271 (relating to disposal of stamped packages), and of the contents of such container.

(8) **FRAUDULENT BONDS, PERMITS, AND ENTRIES.**—All property to which any false or fraudulent instrument involved in the offense described in section 7207 relates.

SEC. 7304. PENALTY FOR FRAUDULENTLY CLAIMING DRAWBACK.

Whenever any person fraudulently claims or seeks to obtain an allowance of drawback on goods, wares, or merchandise on which no internal tax shall have been paid, or fraudulently claims any greater allowance of drawback than the tax actually paid, he shall forfeit triple the amount wrongfully or fraudulently claimed or sought to be obtained, or the sum of \$500, at the election of the Secretary or his delegate.

PART II—PROVISIONS COMMON TO FORFEITURES

Sec. 7321. Authority to seize property subject to forfeiture.

Sec. 7322. Delivery of seized personal property to United States marshal.

Sec. 7323. Judicial action to enforce forfeiture.

Sec. 7324. Special disposition of perishable goods.

Sec. 7325. Personal property valued at \$1,000 or less.

Sec. 7326. Disposal of forfeited or abandoned property in special cases.

Sec. 7327. Customs laws applicable.

Sec. 7328. Confiscation of matches exported.

Sec. 7329. Cross references.

SEC. 7321. AUTHORITY TO SEIZE PROPERTY SUBJECT TO FORFEITURE.

Any property subject to forfeiture to the United States under any provision of this title may be seized by the Secretary or his delegate.

SEC. 7322. DELIVERY OF SEIZED PERSONAL PROPERTY TO UNITED STATES MARSHAL.

Any forfeitable property which may be seized under the provisions of this title may, at the option of the Secretary or his delegate, be delivered to the United States marshal of the district, and remain in the care and custody and under the control of such marshal, pending disposal thereof as provided by law.

SEC. 7323. JUDICIAL ACTION TO ENFORCE FORFEITURE.

(a) **NATURE AND VENUE.**—The proceedings to enforce such forfeitures shall be in the nature of a proceeding in rem in the United States District Court for the district where such seizure is made.

(b) **SERVICE OF PROCESS WHEN PROPERTY HAS BEEN RETURNED UNDER BOND.**—In case bond as provided in section 7324 (3) shall have been executed and the property returned before seizure thereof by virtue of process in the proceedings in rem authorized in subsection (a) of this section, the marshal shall give notice of pendency of proceedings in court to the parties executing said bond, by personal service or publication, and in such manner and form as the court may direct, and the court shall thereupon have jurisdiction of said matter and parties in the same manner as if such property had been seized by virtue of the process aforesaid.

(c) **COST OF SEIZURE TAXABLE.**—The cost of seizure made before process issues shall be taxable by the court.

SEC. 7324. SPECIAL DISPOSITION OF PERISHABLE GOODS.

When any property which is seized under the provisions of section 7301 is liable to perish or become greatly reduced in price or value by keeping, or when it cannot be kept without great expense—

(1) **APPLICATION FOR EXAMINATION.**—The owner thereof, or the United States marshal of the district, may apply to the Secretary or his delegate to examine it; and

(2) **APPRAISAL.**—If, in the opinion of the Secretary or his delegate, it shall be necessary that such property should be sold to prevent such waste or expense, the Secretary or his delegate shall appraise the same; and thereupon

(3) **RETURN TO OWNER UNDER BOND.**—The owner shall have such property returned to him upon giving bond in an amount equal to such appraised value to abide the final order, decree, or judgment of the court having cognizance of the case, and to pay the amount of said appraised value to the Secretary or his delegate, the United States marshal, or otherwise, as may be ordered and directed by the court, which bond shall be filed by the Secretary or his delegate with the United States district attorney for the district in which the proceedings in rem authorized in section 7323 may be commenced.

(4) **SALE IN ABSENCE OF BOND.**—

(A) **ORDER TO SELL.**—If such owner shall neglect or refuse to give such bond, the Secretary or his delegate shall issue to any Treasury officer or employee or to the United States marshal an order to sell the same.

(B) **MANNER OF SALE.**—Such Treasury officer or employee or the marshal shall as soon as practicable make public sale of such property in accordance with such regulations as may be prescribed by the Secretary or his delegate.

(C) **DISPOSITION OF PROCEEDS.**—The proceeds of the sale, after deducting the reasonable costs of the seizure and sale, shall be paid to the court to abide its final order, decree, or judgment.

(5) **FORM OF BOND AND SURETIES.**—

For provisions relating to form and sureties on bonds, see section 7101.

SEC. 7325. PERSONAL PROPERTY VALUED AT \$1,000 OR LESS.

In all cases of seizure of any goods, wares, or merchandise as being subject to forfeiture under any provision of this title which, in the opinion of the Secretary or his delegate, are of the appraised value of \$1,000 or less, the Secretary or his delegate shall, except in cases otherwise provided, proceed as follows:

(1) **LIST AND APPRAISEMENT.**—The Secretary or his delegate shall cause a list containing a particular description of the goods, wares, or merchandise seized to be prepared in duplicate, and an appraisement thereof to be made by three sworn appraisers, to be selected by the Secretary or his delegate who shall be respectable and disinterested citizens of the United States residing within the internal revenue district wherein the seizure was made. Such list and appraisement shall be properly attested by the Secretary or his delegate and such appraisers. Each appraiser shall be allowed for his services such compensation as the Secretary or his delegate shall by regulations prescribe, to be paid in the manner similar to that

provided for other necessary charges incurred in collecting internal revenue.

(2) **NOTICE OF SEIZURE.**—If such goods are found by such appraisers to be of the value of \$1,000 or less, the Secretary or his delegate shall publish a notice for 3 weeks, in some newspaper of the district where the seizure was made, describing the articles and stating the time, place, and cause of their seizure, and requiring any person claiming them to appear and make such claim within 30 days from the date of the first publication of such notice.

(3) **EXECUTION OF BOND BY CLAIMANT.**—Any person claiming the goods, wares, or merchandise so seized, within the time specified in the notice, may file with the Secretary or his delegate a claim, stating his interest in the articles seized, and may execute a bond to the United States in the penal sum of \$250, conditioned that, in case of condemnation of the articles so seized, the obligors shall pay all the costs and expenses of the proceedings to obtain such condemnation; and upon the delivery of such bond to the Secretary or his delegate, he shall transmit the same, with the duplicate list or description of the goods seized, to the United States district attorney for the district, and such attorney shall proceed thereon in the ordinary manner prescribed by law.

(4) **SALE IN ABSENCE OF BOND.**—If no claim is interposed and no bond is given within the time above specified, the Secretary or his delegate shall give reasonable notice of the sale of the goods, wares, or merchandise by publication, and, at the time and place specified in the notice, shall sell the articles so seized at public auction, or upon competitive bids, in accordance with such regulations as may be prescribed by the Secretary or his delegate.

SEC. 7326. DISPOSAL OF FORFEITED OR ABANDONED PROPERTY IN SPECIAL CASES.

(1) For provisions relating to disposal of forfeited narcotic drugs, see sections 4714, 4733, and 4745 (d).

(2) For provisions relating to disposal of forfeited firearms, see section 5862 (b).

SEC. 7327. CUSTOMS LAWS APPLICABLE.

The provisions of law applicable to the remission or mitigation by the Secretary or his delegate of forfeitures under the customs laws shall apply to forfeitures incurred or alleged to have been incurred under the internal revenue laws.

SEC. 7328. CONFISCATION OF MATCHES EXPORTED.

Any white phosphorus matches exported or attempted to be exported shall be confiscated to the United States and destroyed in such manner as may be prescribed by the Secretary or his delegate.

SEC. 7329. CROSS REFERENCES.

(1) For the issuance of certificates of probable cause relieving officers making seizures of responsibility for damages, see 28 U. S. C. 2465.

(2) For provisions relating to forfeitures generally in connection with alcohol taxes, see chapter 51.

(3) For provisions relating to forfeitures generally in connection with tobacco taxes, see chapter 52.

(4) For provisions relating to forfeitures generally in connection with taxes on certain firearms, see chapter 53.

Subchapter D—Miscellaneous Penalty and Forfeiture Provisions

Sec. 7341. Penalty for sales to evade tax.

Sec. 7342. Penalty for refusal to permit entry or examination.

Sec. 7343. Definition of term "person".

Sec. 7344. Extended application of penalties relating to officers of the Treasury Department.

SEC. 7341. PENALTY FOR SALES TO EVADE TAX.

(a) **NONENFORCEABILITY OF CONTRACT.**—Whenever any person who is liable to pay any tax imposed by this title upon, for, or in respect of, any property sells or causes or allows the same to be sold before such tax is paid, with intent to avoid such tax, or in fraud of the internal revenue laws, any debt contracted in such sale, and any security given therefor, unless the same shall have been bona fide transferred to an innocent holder, shall be void, and the collection thereof shall not be enforced in any court.

(b) **FORFEITURE OF SUM PAID ON CONTRACT.**—If such property has been paid for, in whole or in part, the sum so paid shall be deemed forfeited.

(c) **MOIETY.** Any person who shall sue for the sum so paid (in an action of debt) shall recover from the seller the amount so paid, one-half to his own use and the other half to the use of the United States.

SEC. 7342. PENALTY FOR REFUSAL TO PERMIT ENTRY OR EXAMINATION.

Any owner of any building or place, or person having the agency or superintendence of the same, who refuses to admit any officer or employee of the Treasury Department acting under the authority of section 7606 (relating to entry of premises for examination of taxable articles) or refuses to permit him to examine such article or articles, shall, for every such refusal, forfeit \$500.

SEC. 7343. DEFINITION OF TERM "PERSON".

The term "person" as used in this chapter includes an officer or employee of a corporation, or a member or employee of a partnership, who as such officer, employee, or member is under a duty to perform the act in respect of which the violation occurs.

SEC. 7344. EXTENDED APPLICATION OF PENALTIES RELATING TO OFFICERS OF THE TREASURY DEPARTMENT.

All provisions of law imposing fines, penalties, or other punishment for offenses committed by an internal revenue officer or other officer of the Department of the Treasury, or under any agency or office thereof, shall apply to all persons whomsoever, employed, appointed, or acting under the authority of any internal revenue law, or any revenue provision of any law of the United States, when such persons are designated or acting as officers or employees in connection with such law, or are persons having the custody or disposition of any public money.

CHAPTER 76—JUDICIAL PROCEEDINGS

SUBCHAPTER A. Civil actions by the United States.

SUBCHAPTER B. Proceedings by taxpayers.

SUBCHAPTER C. The Tax Court.

SUBCHAPTER D. Court review of Tax Court decisions.

SUBCHAPTER E. Miscellaneous provisions.

Subchapter A—Civil Actions by the United States

Sec. 7401. Authorization.

Sec. 7402. Jurisdiction of district courts.

Sec. 7403. Action to enforce lien or to subject property to payment of tax.

Sec. 7404. Authority to bring civil action for estate taxes.

Sec. 7405. Action for recovery of erroneous refunds.

Sec. 7406. Disposition of judgments and moneys recovered.

Sec. 7407. Cross references.

SEC. 7401. AUTHORIZATION.

No civil action for the collection or recovery of taxes, or of any fine, penalty, or forfeiture, shall be commenced unless the Secretary or his delegate authorizes or sanctions the proceedings and the Attorney General or his delegate directs that the action be commenced.

SEC. 7402. JURISDICTION OF DISTRICT COURTS.

(a) **TO ISSUE ORDERS, PROCESSES, AND JUDGMENTS.**—The district courts of the United States at the instance of the United States shall have such jurisdiction to make and issue in civil actions, writs and orders of injunction, and of *ne exeat republica*, orders appointing receivers, and such other orders and processes, and to render such judgments and decrees as may be necessary or appropriate for the enforcement of the internal revenue laws. The remedies hereby provided are in addition to and not exclusive of any and all other remedies of the United States in such courts or otherwise to enforce such laws.

(b) **TO ENFORCE SUMMONS.**—If any person is summoned under the internal revenue laws to appear, to testify, or to produce books, papers, or other data, the district court of the United States for the district in which such person resides or may be found shall have jurisdiction by appropriate process to compel such attendance, testimony, or production of books, papers, or other data.

(c) **FOR DAMAGES TO UNITED STATES OFFICERS OR EMPLOYEES.**—Any officer or employee of the United States acting under authority of this title, or any person acting under or by authority of any such officer or employee, receiving any injury to his person or property in the discharge of his duty shall be entitled to maintain an action for damages therefor, in the district court of the United States, in the district wherein the party doing the injury may reside or shall be found.

(d) **ACTION ON BONDS.**—The United States district courts, concurrently with the courts of the several States, shall have jurisdiction

of any action brought on the official bond of any internal revenue officer or employee required to give bond under regulations promulgated by authority of section 7803.

(e) **GENERAL JURISDICTION.**—

For general jurisdiction of the district courts of the United States in civil actions involving internal revenue, see section 1340 of title 28 of the United States Code.

SEC. 7403. ACTION TO ENFORCE LIEN OR TO SUBJECT PROPERTY TO PAYMENT OF TAX.

(a) **FILING.**—In any case where there has been a refusal or neglect to pay any tax, or to discharge any liability in respect thereof, whether or not levy has been made, the Attorney General or his delegate, at the request of the Secretary or his delegate, may direct a civil action to be filed in a district court of the United States to enforce the lien of the United States under this title with respect to such tax or liability or to subject any property, of whatever nature, of the delinquent, or in which he has any right, title, or interest, to the payment of such tax or liability.

(b) **PARTIES.**—All persons having liens upon or claiming any interest in the property involved in such action shall be made parties thereto.

(c) **ADJUDICATION AND DECREE.**—The court shall, after the parties have been duly notified of the action, proceed to adjudicate all matters involved therein and finally determine the merits of all claims to and liens upon the property, and, in all cases where a claim or interest of the United States therein is established, may decree a sale of such property, by the proper officer of the court, and a distribution of the proceeds of such sale according to the findings of the court in respect to the interests of the parties and of the United States.

(d) **RECEIVERSHIP.**—In any such proceeding, at the instance of the United States, the court may appoint a receiver to enforce the lien, or, upon certification by the Secretary or his delegate during the pendency of such proceedings that it is in the public interest, may appoint a receiver with all the powers of a receiver in equity.

SEC. 7404. AUTHORITY TO BRING CIVIL ACTION FOR ESTATE TAXES.

If the estate tax imposed by chapter 11 is not paid on or before the due date thereof, the Secretary or his delegate shall proceed to collect the tax under the provisions of general law; or appropriate proceedings in the name of the United States may be commenced in any court of the United States having jurisdiction to subject the property of the decedent to be sold under the judgment or decree of the court. From the proceeds of such sale the amount of the tax, together with the costs and expenses of every description to be allowed by the court, shall be first paid, and the balance shall be deposited according to the order of the court, to be paid under its direction to the person entitled thereto. This section insofar as it applies to the collection of a deficiency shall be subject to the provisions of sections 6213 and 6601.

SEC. 7405. ACTION FOR RECOVERY OF ERRONEOUS REFUNDS.

(a) **REFUNDS AFTER LIMITATION PERIOD.**—Any portion of a tax imposed by this title, refund of which is erroneously made, within the meaning of section 6514, may be recovered by civil action brought in the name of the United States.

(b) **REFUNDS OTHERWISE ERRONEOUS.**—Any portion of a tax imposed by this title which has been erroneously refunded (if such refund would not be considered as erroneous under section 6514) may be recovered by civil action brought in the name of the United States.

(c) **INTEREST.**—

For provision relating to interest on erroneous refunds, see section 6602.

(d) **PERIODS OF LIMITATION.**—

For periods of limitations on actions under this section, see section 6532 (b).

SEC. 7406. DISPOSITION OF JUDGMENTS AND MONEYS RECOVERED.

All judgments and moneys recovered or received for taxes, costs, forfeitures, and penalties shall be paid to the Secretary or his delegate as collections of internal revenue taxes.

SEC. 7407. CROSS REFERENCES.

(1) For provisions for collecting taxes in general, see chapter 64.

(2) For venue in a civil action for the collection of any tax, see section 1396 of Title 28 of the United States Code.

(3) For venue of a proceeding for the recovery of any fine, penalty, or forfeiture, see section 1395 of Title 28 of the United States Code.

Subchapter B—Proceedings by Taxpayers

- Sec. 7421. Prohibition of suits to restrain assessment or collection.
- Sec. 7422. Civil actions for refund.
- Sec. 7423. Repayments to officers or employees.
- Sec. 7424. Civil action to clear title to property.
- Sec. 7425. Cross references.

SEC. 7421. PROHIBITION OF SUITS TO RESTRAIN ASSESSMENT OR COLLECTION.

(a) **TAX.**—Except as provided in sections 6212 (a) and (c), and 6213 (a), no suit for the purpose of restraining the assessment or collection of any tax shall be maintained in any court.

(b) **LIABILITY OF TRANSFEREE OR FIDUCIARY.**—No suit shall be maintained in any court for the purpose of restraining the assessment or collection (pursuant to the provisions of chapter 71) of—

(1) the amount of the liability, at law or in equity, of a transferee of property of a taxpayer in respect of any internal revenue tax, or

(2) the amount of the liability of a fiduciary under section 3467 of the Revised Statutes (31 U. S. C. 192) in respect of any such tax.

SEC. 7422. CIVIL ACTIONS FOR REFUND.

(a) **NO SUIT PRIOR TO FILING CLAIM FOR REFUND.**—No suit or proceeding shall be maintained in any court for the recovery of any internal revenue tax alleged to have been erroneously or illegally assessed or collected, or of any penalty claimed to have been collected without authority, or of any sum alleged to have been excessive or in any manner wrongfully collected, until a claim for refund or credit has been duly filed with the Secretary or his delegate, according to the provisions of law in that regard, and the regulations of the Secretary or his delegate established in pursuance thereof.

(b) **PROTEST OR DURESS.**—Such suit or proceeding may be maintained whether or not such tax, penalty, or sum has been paid under protest or duress.

(c) **SUITS AGAINST COLLECTION OFFICER A BAR.**—A suit against any officer or employee of the United States (or former officer or employee) or his personal representative for the recovery of any internal revenue tax alleged to have been erroneously or illegally assessed or collected, or of any penalty claimed to have been collected without authority, or of any sum alleged to have been excessive or in any manner wrongfully collected shall be treated as if the United States had been a party to such suit in applying the doctrine of res judicata in all suits instituted after June 15, 1942, in respect of any internal revenue tax, and in all proceedings in the Tax Court and on review of decisions of the Tax Court where the petition to the Tax Court was filed after such date.

(d) **CREDIT TREATED AS PAYMENT.**—The credit of an overpayment of any tax in satisfaction of any tax liability shall, for the purpose of any suit for refund of such tax liability so satisfied, be deemed to be a payment in respect of such tax liability at the time such credit is allowed.

(e) **STAY OF PROCEEDINGS.**—If the Secretary or his delegate prior to the hearing of a suit brought by a taxpayer in a district court or the Court of Claims for the recovery of any income tax, estate tax, or gift tax (or any penalty relating to such taxes) mails to the taxpayer a notice that a deficiency has been determined in respect of the tax which is the subject matter of taxpayer's suit, the proceedings in taxpayer's suit shall be stayed during the period of time in which the taxpayer may file a petition with the Tax Court for a redetermination of the asserted deficiency, and for 60 days thereafter. If the taxpayer files a petition with the Tax Court, the district court or the Court of Claims, as the case may be, shall lose jurisdiction of taxpayer's suit to whatever extent jurisdiction is acquired by the Tax Court of the subject matter of taxpayer's suit for refund. If the taxpayer does not file a petition with the Tax Court for a redetermination of the asserted deficiency, the United States may counterclaim in the taxpayer's suit, or intervene in the event of a suit as described in subsection (c) (relating to suits against officers or employees of the United States), within the period of the stay of proceedings notwithstanding that the time for such pleading may have otherwise expired. The taxpayer shall have the burden of proof with respect to the issues raised by such counterclaim or intervention of the United States except as to the issue of whether the taxpayer has been guilty of fraud with intent to evade tax. This subsection shall not apply to a suit by a taxpayer which, prior to the date of enactment of this title, is commenced, instituted, or pending in a district court or the Court of Claims for the recovery of any income tax, estate tax, or gift tax (or any penalty relating to such taxes).

(f) **CROSS REFERENCES.**—

(1) For provisions relating generally to claims for refund or credit, see chapter 65 (relating to abatements, credit, and refund) and chapter 66 (relating to limitations).

(2) For duty of United States district attorneys to defend suits, see section 507 of Title 28 of the United States Code.

(3) For jurisdiction of United States district courts, see section 1346 of Title 28 of the United States Code.

(4) For payment by the Treasury of judgments against internal revenue officers or employees, upon certificate of probable cause, see section 2006 of Title 28 of the United States Code.

SEC. 7423. REPAYMENTS TO OFFICERS OR EMPLOYEES.

The Secretary or his delegate, subject to regulations prescribed by the Secretary or his delegate, is authorized to repay—

(1) **COLLECTIONS RECOVERED.**—To any officer or employee of the United States the full amount of such sums of money as may be recovered against him in any court, for any internal revenue taxes collected by him, with the cost and expense of suit; also

(2) **DAMAGES AND COSTS.**—All damages and costs recovered against any officer or employee of the United States in any suit brought against him by reason of anything done in the due performance of his official duty under this title.

SEC. 7424. CIVIL ACTION TO CLEAR TITLE TO PROPERTY.

(a) **OBTAINING LEAVE TO FILE.**—

(1) **REQUEST FOR INSTITUTION OF PROCEEDINGS BY UNITED STATES.**—Any person having a lien upon or any interest in the property referred to in section 7403, notice of which has been duly

filed of record in the jurisdiction in which the property is located, prior to the filing of notice of the lien of the United States as provided in section 6323, or any person purchasing the property at a sale to satisfy such prior lien or interest, may make written request to the Secretary or his delegate to authorize the filing of a civil action as provided in section 7403.

(2) PETITION TO COURT.—If the Secretary or his delegate fails to authorize the filing of such civil action within 6 months after receipt of such written request, such person or purchaser may, after giving notice to the Secretary or his delegate, file a petition in the district court of the United States for the district in which the property is located, praying leave to file a civil action for a final determination of all claims to or liens upon the property in question.

(3) COURT ORDER.—After a full hearing in open court, the district court may in its discretion enter an order granting leave to file such civil action, in which the United States and all persons having liens upon or claiming any interest in the property shall be made parties.

(b) ADJUDICATION.—Upon the filing of such civil action, the district court shall proceed to adjudicate the matters involved therein, in the same manner as in the case of civil actions filed under section 7403. For the purpose of such adjudication, the assessment of the tax upon which the lien of the United States is based shall be conclusively presumed to be valid.

(c) COSTS.—All costs of the proceedings on the petition and the civil action shall be borne by the person filing the civil action.

SEC. 7425. CROSS REFERENCES.

(1) For exclusion of tax liability from discharge in bankruptcy, see section 17 of the Bankruptcy Act, as amended (52 Stat. 851; 11 U. S. C. 35).

(2) For limit on amount allowed in bankruptcy proceedings on debts owing to the United States, see section 57 (j) of the Bankruptcy Act, as amended (52 Stat. 867; 11 U. S. C. 93).

(3) For recognition of tax liens in proceedings under the Bankruptcy Act, see section 67 (b) and (c) of that act, as amended (52 Stat. 876-877; 11 U. S. C. 107).

(4) For collection of taxes in connection with wage earners' plans in bankruptcy courts, see section 680 of the Bankruptcy Act, as added June 22, 1938 (52 Stat. 938; 11 U. S. C. 1080).

(5) For provisions permitting the United States to be made party defendant in a proceeding in a State court for the foreclosure of a lien upon real estate where the United States may have claim upon the premises involved, see section 2410 of Title 28 of the United States Code.

(6) For priority of lien of the United States in case of insolvency, see R. S. 3466 (31 U. S. C. 191).

(7) For interest on judgments for overpayments, see section 2411 (a) of Title 28 of the United States Code.

(8) For review of a Tax Court decision, see section 7482.

(9) For statute prohibiting suits to replevy property taken under revenue laws, see section 2463 of Title 28 of the United States Code.

Subchapter C—The Tax Court

Part I. Organization and jurisdiction.

Part II. Procedure.

Part III. Miscellaneous provisions.

PART I—ORGANIZATION AND JURISDICTION

Sec. 7441. Status.

Sec. 7442. Jurisdiction.

Sec. 7443. Membership.

Sec. 7444. Organization.

Sec. 7445. Offices.

Sec. 7446. Times and places of sessions.

Sec. 7447. Retirement.

SEC. 7441. STATUS.

The Board of Tax Appeals shall be continued as an independent agency in the Executive Branch of the Government, and shall be known as the Tax Court of the United States. The members thereof shall be known as the chief judge and the judges of the Tax Court.

SEC. 7442. JURISDICTION.

The Tax Court and its divisions shall have such jurisdiction as is conferred on them by this title, by chapters 1, 2, 3, and 4 of the Internal Revenue Code of 1939, by title II and title III of the Revenue Act of 1926 (44 Stat. 10-87), or by laws enacted subsequent to February 26, 1926.

SEC. 7443. MEMBERSHIP.

(a) NUMBER.—The Tax Court shall be composed of 16 members.

(b) APPOINTMENT.—Judges of the Tax Court shall be appointed by the President, by and with the advice and consent of the Senate, solely on the grounds of fitness to perform the duties of the office.

(c) SALARY.—Each judge shall receive salary at the rate of \$15,000 per annum, to be paid in monthly installments.

(d) EXPENSES FOR TRAVEL AND SUBSISTENCE.—Judges of the Tax Court shall receive necessary traveling expenses, and expenses actually incurred for subsistence while traveling on duty and away from their designated stations, subject to the same limitations in amount as are now or may hereafter be applicable to the United States Customs Court.

(e) TERM OF OFFICE.—The terms of office of all judges of the Tax Court shall expire 12 years after the expiration of the terms for which their predecessors were appointed; but any judge appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the unexpired term of his predecessor.

(f) REMOVAL FROM OFFICE.—Judges of the Tax Court may be removed by the President, after notice and opportunity for public hearing, for inefficiency, neglect of duty, or malfeasance in office, but for no other cause.

(g) **DISBARMENT OF REMOVED JUDGES.**—A judge of the Tax Court removed from office in accordance with subsection (f) shall not be permitted at any time to practice before the Tax Court.

SEC. 7444. ORGANIZATION.

(a) **SEAL.**—The Tax Court shall have a seal which shall be judicially noticed.

(b) **DESIGNATION OF CHIEF JUDGE.**—The Tax Court shall at least biennially designate a judge to act as chief judge.

(c) **DIVISIONS.**—The chief judge may from time to time divide the Tax Court into divisions of one or more judges, assign the judges of the Tax Court thereto, and in case of a division of more than one judge, designate the chief thereof. If a division, as a result of a vacancy or the absence or inability of a judge assigned thereto to serve thereon, is composed of less than the number of judges designated for the division, the chief judge may assign other judges to the division or direct the division to proceed with the transaction of business without awaiting any additional assignment of judges thereto.

(d) **QUORUM.**—A majority of the judges of the Tax Court or of any division thereof shall constitute a quorum for the transaction of the business of the Tax Court or of the division, respectively. A vacancy in the Tax Court or in any division thereof shall not impair the powers nor affect the duties of the Tax Court or division nor of the remaining judges of the Tax Court or division, respectively.

SEC. 7445. OFFICES.

The principal office of the Tax Court shall be in the District of Columbia, but the Tax Court or any of its divisions may sit at any place within the United States.

SEC. 7446. TIMES AND PLACES OF SESSIONS.

The times and places of the sessions of the Tax Court and of its divisions shall be prescribed by the chief judge with a view to securing reasonable opportunity to taxpayers to appear before the Tax Court or any of its divisions, with as little inconvenience and expense to taxpayers as is practicable.

SEC. 7447. RETIREMENT.

(a) **DEFINITIONS.**—For purposes of this section—

(1) The term "Tax Court" means the Tax Court of the United States.

(2) The term "Civil Service Commission" means the United States Civil Service Commission.

(3) The term "judge" means the chief judge or a judge of the Tax Court; but such term does not include any individual performing judicial duties pursuant to subsection (c).

(4) The term "Civil Service Retirement Act" means the Civil Service Retirement Act of May 29, 1930, as amended.

(5) In any determination of length of service as judge there shall be included all periods (whether or not consecutive) during which an individual served as judge or as a member of the Board.

(b) **RETIREMENT.**—

(1) Any judge who has served as judge for 18 years or more may retire at any time.

(2) Any judge who has served as judge for 10 years or more and has attained the age of 70 shall retire not later than the close of the

third month beginning after whichever of the following months is the latest:

(A) the month in which he attained age 70;

(B) The month in which he completed 10 years of service as judge; or

(C) August 1953.

Section 2 (a) of the Civil Service Retirement Act (relating to automatic separation from the service) shall not apply in respect of judges.

(c) **RECALLING OF RETIRED JUDGES.**—Any individual who is receiving retired pay under subsection (d) may be called upon by the chief judge of the Tax Court to perform such judicial duties with the Tax Court as may be requested of him for any period or periods specified by the chief judge; except that in the case of any such individual—

(1) the aggregate of such periods in any one calendar year shall not (without his consent) exceed 90 calendar days; and

(2) he shall be relieved of performing such duties during any period in which illness or disability precludes the performance of such duties.

Any act, or failure to act, by an individual performing judicial duties pursuant to this subsection shall have the same force and effect as if it were the act (or failure to act) of a judge of the Tax Court; but any such individual shall not be counted as a judge of the Tax Court for purposes of section 7443 (a). Any individual who is performing judicial duties pursuant to this subsection shall be paid the same compensation (in lieu of retired pay) and allowances for travel and other expenses as a judge.

(d) **RETIRED PAY.**—Any individual who after August 7, 1953—

(1) ceases to be a judge by reason of paragraph (2) of subsection (b), or ceases to be a judge after having served as judge for 18 years or more; and

(2) elects under subsection (e) to receive retired pay under this subsection,

shall receive retired pay at a rate which bears the same ratio to the rate of the salary payable to him as judge at the time he ceases to be a judge as the number of years he has served as judge bears to 24; except that the rate of such retired pay shall be not less than one-half of the rate of such salary and not more than the rate of such salary. Such retired pay shall begin to accrue on the day following the day on which his salary as judge ceases to accrue, and shall continue to accrue during the remainder of his life. Retired pay under this subsection shall be paid in the same manner as the salary of a judge. In computing the rate of the retired pay under this subsection for any individual who is entitled thereto, that portion of the aggregate number of years he has served as a judge which is a fractional part of 1 year shall be eliminated if it is less than 6 months, or shall be counted as a full year if it is 6 months or more.

(e) **ELECTION TO RECEIVE RETIRED PAY.**—Any judge may elect to receive retired pay under subsection (d). Such an election—

(1) may be made only while an individual is a judge (except that in the case of an individual who fails to be reappointed as judge at the expiration of a term of office, it may be made at any

time before the day after the day on which his successor takes office);

(2) once made, shall be irrevocable;

(3) in the case of any judge other than the chief judge, shall be made by filing notice thereof in writing with the chief judge; and

(4) in the case of the chief judge, shall be made by filing notice thereof in writing with the Civil Service Commission.

The chief judge shall transmit to the Civil Service Commission a copy of each notice filed with him under this subsection.

(f) **INDIVIDUALS RECEIVING RETIRED PAY TO BE AVAILABLE FOR RECALL.**—Any individual who has elected to receive retired pay under subsection (d) who thereafter—

(1) accepts civil office or employment under the Government of the United States (other than the performance of judicial duties pursuant to subsection (c)); or

(2) performs (or supervises or directs the performance of) legal or accounting services in the field of Federal taxation or in the field of the renegotiation of Federal contracts for his client, his employer, or any of his employer's clients,

shall forfeit all rights to retired pay under subsection (d) for all periods beginning on or after the first day on which he accepts such office or employment or engages in any activity described in paragraph (2). Any individual who has elected to receive retired pay under subsection (d) who thereafter during any calendar year fails to perform judicial duties required of him by subsection (c) shall forfeit all rights to retired pay under subsection (d) for the 1-year period which begins on the first day on which he so fails to perform such duties.

(g) **COORDINATION WITH CIVIL SERVICE RETIREMENT.**—

(1) **GENERAL RULE.**—Except as otherwise provided in this subsection, the provisions of the Civil Service Retirement Act (including the provisions relating to the deduction and withholding of amounts from basic pay, salary, and compensation) shall apply in respect of service as a judge (together with other service as an officer or employee to whom such Act applies) as if this section had not been enacted.

(2) **EFFECT OF ELECTING RETIRED PAY.**—In the case of any individual who has filed an election to receive retired pay under subsection (d) and who has not filed a waiver under paragraph (3) of this subsection—

(A) he shall not be entitled to any annuity under section 1, 2, 3A, 6, or 7 of the Civil Service Retirement Act for any period beginning on or after the day on which he files such election;

(B) no amount shall be returned to him under section 7 (a) of such Act;

(C) subsections (b) and (c) of section 4 of such Act, and subsection (c) of section 12 of such Act, shall apply in respect of such individual as if he were retiring or had retired under section 1 of such Act on the date on which his retired pay under subsection (d) of this section began to accrue; except that—

(i) the amount of any annuity payable to a survivor of such individual under subsection (b) or (c) of such section 4 or under subsection (c) of such section 12 shall be based on a life annuity

for such individual computed as provided in subsection (a) of such section 4, and

(ii) if such individual makes the election provided by subsection (b) or (c) of such section 4, his retired pay under subsection (d) of this section shall be reduced by the amount by which a life annuity computed as provided in subsection (a) of such section 4 would be reduced;

(D) in computing the aggregate amount of the annuity paid for purposes of section 12 (g) of such Act, any retired pay which has accrued under subsection (d) of this section (including any such retired pay forfeited under subsection (f)) shall be included as if it were an annuity payable to him under such Act; and

(E) no deduction for purposes of the civil service retirement and disability fund shall be made from the retired pay payable to him under subsection (d) of this section, or from any other salary, pay, or compensation payable to him, for any period after the date on which such retired pay began to accrue.

(3) WAIVER OF CIVIL SERVICE BENEFITS.—

(A) Any individual who has elected to receive retired pay under subsection (d) of this section may (at any time thereafter during the period prescribed by subsection (e) (1)) waive all benefits under the Civil Service Retirement Act. Such a waiver—

(i) once made, shall be irrevocable, and

(ii) shall be made in the same manner as is provided for an election by such individual under subsection (e). The chief judge shall transmit to the Civil Service Commission a copy of each notice of waiver filed with him under this paragraph.

(B) In the case of any individual who has made a waiver under this paragraph—

(i) no annuity shall be payable to any person under the Civil Service Retirement Act with respect to any service performed by such individual (whether performed before or after such waiver is filed and whether performed as judge or otherwise);

(ii) no deduction shall be made from any salary, pay, or compensation of such individual for purposes of the civil service retirement and disability fund for any period beginning after the day on which such waiver is filed;

(iii) except as provided in clause (iv), no refund shall be made under the Civil Service Retirement Act of any amount credited to the account of such individual or of any interest on any amount so credited;

(iv) additional sums voluntarily deposited by such individual under the second paragraph of section 10 of the Civil Service Retirement Act shall be promptly refunded, together with interest on such additional sums at 3 percent per annum (compounded on December 31 of each year) to the day of such filing; and

(v) subsections (e) and (g) of section 12 of the Civil Service Retirement Act shall not apply.

(4) EMPLOYEES' COMPENSATION.—The fourth and sixth paragraphs of section 6 of the Civil Service Retirement Act shall apply

in respect of retired pay accruing under subsection (d) of this section as if such retired pay were an annuity payable under such act.

PART II—PROCEDURE

- Sec. 7451. Fee for filing petition.
- Sec. 7452. Representation of parties.
- Sec. 7453. Rules of practice, procedure, and evidence.
- Sec. 7454. Burden of proof in fraud and transferee cases.
- Sec. 7455. Service of process.
- Sec. 7456. Administration of oaths and procurement of testimony.
- Sec. 7457. Witness fees.
- Sec. 7458. Hearings.
- Sec. 7459. Reports and decisions.
- Sec. 7460. Provisions of special application to divisions.
- Sec. 7461. Publicity of proceedings.
- Sec. 7462. Publication of reports.
- Sec. 7463. Provisions of special application to transferees.

SEC. 7451. FEE FOR FILING PETITION.

The Tax Court is authorized to impose a fee in an amount not in excess of \$10 to be fixed by the Tax Court for the filing of any petition for the redetermination of a deficiency.

SEC. 7452. REPRESENTATION OF PARTIES.

The Secretary or his delegate shall be represented by the Assistant General Counsel of the Treasury Department serving as Chief Counsel of the Internal Revenue Service, or the delegate of such Chief Counsel, in the same manner before the Tax Court as he has heretofore been represented in proceedings before such Court. The taxpayer shall continue to be represented in accordance with the rules of practice prescribed by the Court. No qualified person shall be denied admission to practice before the Tax Court because of his failure to be a member of any profession or calling.

SEC. 7453. RULES OF PRACTICE, PROCEDURE, AND EVIDENCE.

The proceedings of the Tax Court and its divisions shall be conducted in accordance with such rules of practice and procedure (other than rules of evidence) as the Tax Court may prescribe and in accordance with the rules of evidence applicable in trials without a jury in the United States District Court of the District of Columbia.

SEC. 7454. BURDEN OF PROOF IN FRAUD AND TRANSFEE CASES.

(a) FRAUD.—In any proceeding involving the issue whether the petitioner has been guilty of fraud with intent to evade tax, the burden of proof in respect of such issue shall be upon the Secretary or his delegate.

(b) CROSS REFERENCE.—

For provisions relating to burden of proof as to transferee liability, see section 6902 (a).

SEC. 7455. SERVICE OF PROCESS.

The mailing by registered mail of any pleading, decision, order, notice, or process in respect of proceedings before the Tax Court shall be held sufficient service of such pleading, decision, order, notice, or process.

SEC. 7456. ADMINISTRATION OF OATHS AND PROCUREMENT OF TESTIMONY.

(a) **IN GENERAL.**—For the efficient administration of the functions vested in the Tax Court or any division thereof, any judge of the Tax Court, the clerk of the court or his deputies, as such, or any other employee of the Tax Court designated in writing for the purpose by the chief judge, may administer oaths, and any judge of the Tax Court may examine witnesses and require, by subpoena ordered by the Tax Court or any division thereof and signed by the judge (or by the clerk of the Tax Court or by any other employee of the Tax Court when acting as deputy clerk)—

(1) the attendance and testimony of witnesses, and the production of all necessary returns, books, papers, documents, correspondence, and other evidence, from any place in the United States at any designated place of hearing, or

(2) the taking of a deposition before any designated individual competent to administer oaths under this title. In the case of a deposition the testimony shall be reduced to writing by the individual taking the deposition or under his direction and shall then be subscribed by the deponent.

(b) **PRODUCTION OF RECORDS IN THE CASE OF FOREIGN CORPORATIONS, FOREIGN TRUSTS OR ESTATES AND NONRESIDENT ALIEN INDIVIDUALS.**—The Tax Court or any division thereof, upon motion and notice by the Secretary or his delegate, and upon good cause shown therefor, shall order any foreign corporation, foreign trust or estate, or nonresident alien individual, who has filed a petition with the Tax Court, to produce, or, upon satisfactory proof to the Tax Court or any of its divisions, that the petitioner is unable to produce, to make available to the Secretary or his delegate, and, in either case, to permit the inspection, copying, or photographing of, such books, records, documents, memoranda, correspondence and other papers, wherever situated, as the Tax Court or any division thereof, may deem relevant to the proceedings and which are in the possession, custody or control of the petitioner, or of any person directly or indirectly under his control or having control over him or subject to the same common control. If the petitioner fails or refuses to comply with any of the provisions of such order, after reasonable time for compliance has been afforded to him, the Tax Court or any division thereof, upon motion, shall make an order striking out pleadings or parts thereof, or dismissing the proceeding or any part thereof, or rendering a judgment by default against the petitioner. For the purpose of this subsection, the term "foreign trust or estate" includes an estate or trust, any fiduciary of which is a foreign corporation or nonresident alien individual; and the term "control" is not limited to legal control.

(c) **COMMISSIONERS.**—The chief judge may from time to time by written order designate an attorney from the legal staff of the Tax Court to act as a commissioner in a particular case. The commissioner so designated shall proceed under such rules and regulations as may be promulgated by the Tax Court. The commissioner shall receive the same travel and subsistence allowances now or hereafter provided by law for commissioners of the United States Court of Claims.

SEC. 7457. WITNESS FEES.

(a) **AMOUNT.**—Any witness summoned or whose deposition is taken under section 7456 shall receive the same fees and mileage as witnesses in courts of the United States.

(b) **PAYMENT.**—Such fees and mileage and the expenses of taking any such deposition shall be paid as follows:

(1) **WITNESSES FOR SECRETARY OR HIS DELEGATE.**—In the case of witnesses for the Secretary or his delegate, such payments shall be made by the Secretary or his delegate out of any moneys appropriated for the collection of internal revenue taxes, and may be made in advance.

(2) **OTHER WITNESSES.**—In the case of any other witnesses, such payments shall be made, subject to rules prescribed by the Tax Court, by the party at whose instance the witness appears or the deposition is taken.

SEC. 7458. HEARINGS.

Notice and opportunity to be heard upon any proceeding instituted before the Tax Court shall be given to the taxpayer and the Secretary or his delegate. If an opportunity to be heard upon the proceeding is given before a division of the Tax Court, neither the taxpayer nor the Secretary nor his delegate shall be entitled to notice and opportunity to be heard before the Tax Court upon review, except upon a specific order of the chief judge. Hearings before the Tax Court and its divisions shall be open to the public, and the testimony, and, if the Tax Court so requires, the argument, shall be stenographically reported. The Tax Court is authorized to contract (by renewal of contract or otherwise) for the reporting of such hearings, and in such contract to fix the terms and conditions under which transcripts will be supplied by the contractor to the Tax Court and to other persons and agencies.

SEC. 7459. REPORTS AND DECISIONS.

(a) **REQUIREMENT.**—A report upon any proceeding instituted before the Tax Court and a decision thereon shall be made as quickly as practicable. The decision shall be made by a judge in accordance with the report of the Tax Court, and such decision so made shall, when entered, be the decision of the Tax Court.

(b) **INCLUSION OF FINDINGS OF FACT OR OPINIONS IN REPORT.**—It shall be the duty of the Tax Court and of each division to include in its report upon any proceeding its findings of fact or opinion or memorandum opinion. The Tax Court shall report in writing all its findings of fact, opinions, and memorandum opinions.

(c) **DATE OF DECISION.**—A decision of the Tax Court (except a decision dismissing a proceeding for lack of jurisdiction) shall be held to be rendered upon the date that an order specifying the amount of the deficiency is entered in the records of the Tax Court. If the Tax Court dismisses a proceeding for reasons other than lack of jurisdiction and is unable from the record to determine the amount of the deficiency determined by the Secretary or his delegate, or if the Tax Court dismisses a proceeding for lack of jurisdiction, an order to that effect shall be entered in the records of the Tax Court, and the decision of the Tax Court shall be held to be rendered upon the date of such entry.

(d) **EFFECT OF DECISION DISMISSING PETITION.**—If a petition for redetermination of a deficiency has been filed by the taxpayer, a deci-

sion of the Tax Court dismissing the proceeding shall be considered as its decision that the deficiency is the amount determined by the Secretary or his delegate. An order specifying such amount shall be entered in the records of the Tax Court unless the Tax Court cannot determine such amount from the record in the proceeding, or unless the dismissal is for lack of jurisdiction.

(e) **EFFECT OF DECISION THAT TAX IS BARRED BY LIMITATION.**—If the assessment or collection of any tax is barred by any statute of limitations, the decision of the Tax Court to that effect shall be considered as its decision that there is no deficiency in respect of such tax.

(f) **FINDINGS OF FACT AS EVIDENCE.**—The findings of the Board of Tax Appeals made in connection with any decision prior to February 26, 1926, shall, notwithstanding the enactment of the Revenue Act of 1926 (44 Stat. 9), continue to be prima facie evidence of the facts therein stated.

(g) **PENALTY.**—

For penalty for taxpayer instituting proceedings before Tax Court merely for delay, see section 6673.

SEC. 7460. PROVISIONS OF SPECIAL APPLICATION TO DIVISIONS.

(a) **HEARINGS, DETERMINATIONS, AND REPORTS.**—A division shall hear, and make a determination upon, any proceeding instituted before the Tax Court and any motion in connection therewith, assigned to such division by the chief judge, and shall make a report of any such determination which constitutes its final disposition of the proceeding.

(b) **EFFECT OF ACTION BY A DIVISION.**—The report of the division shall become the report of the Tax Court within 30 days after such report by the division, unless within such period the chief judge has directed that such report shall be reviewed by the Tax Court. Any preliminary action by a division which does not form the basis for the entry of the final decision shall not be subject to review by the Tax Court except in accordance with such rules as the Tax Court may prescribe. The report of a division shall not be a part of the record in any case in which the chief judge directs that such report shall be reviewed by the Tax Court.

SEC. 7461. PUBLICITY OF PROCEEDINGS.

All reports of the Tax Court and all evidence received by the Tax Court and its divisions, including a transcript of the stenographic report of the hearings, shall be public records open to the inspection of the public; except that after the decision of the Tax Court in any proceeding has become final the Tax Court may, upon motion of the taxpayer or the Secretary or his delegate, permit the withdrawal by the party entitled thereto of originals of books, documents, and records, and of models, diagrams, and other exhibits, introduced in evidence before the Tax Court or any division; or the Tax Court may, on its own motion, make such other disposition thereof as it deems advisable.

SEC. 7462. PUBLICATION OF REPORTS.

The Tax Court shall provide for the publication of its reports at the Government Printing Office in such form and manner as may be best adapted for public information and use, and such authorized publication shall be competent evidence of the reports of the Tax Court therein contained in all courts of the United States and of the

several States without any further proof or authentication thereof. Such reports shall be subject to sale in the same manner and upon the same terms as other public documents.

SEC. 7463. PROVISIONS OF SPECIAL APPLICATION TO TRANSFEREES.

(1) For rules of burden of proof in transferee proceedings, see section 6902 (a).

(2) For authority of Tax Court to prescribe rules by which a transferee of property of a taxpayer shall be entitled to examine books, records and other evidence, see section 6902 (b).

PART III—MISCELLANEOUS PROVISIONS

Sec. 7471. Employees.

Sec. 7472. Expenditures.

Sec. 7473. Disposition of fees.

Sec. 7474. Fee for transcript of record.

SEC. 7471. EMPLOYEES.

(a) **APPOINTMENT AND COMPENSATION.**—The Tax Court is authorized in accordance with the civil service laws to appoint, and in accordance with the Classification Act of 1949 (63 Stat. 954; 5 U. S. C. chapter 21), as amended, to fix the compensation of, such employees as may be necessary efficiently to execute the functions vested in the Tax Court.

(b) **EXPENSES FOR TRAVEL AND SUBSISTENCE.**—The employees of the Tax Court shall receive their necessary traveling expenses, and expenses for subsistence while traveling on duty and away from their designated stations, as provided in the Travel Expense Act of 1949 (63 Stat. 166; 5 U. S. C. chapter 16).

(c) **COMMISSIONERS.**—

For travel and subsistence allowances of commissioners of the Tax Court, see section 7456 (c).

SEC. 7472. EXPENDITURES.

The Tax Court is authorized to make such expenditures (including expenditures for personal services and rent at the seat of Government and elsewhere, and for law books, books of reference, and periodicals), as may be necessary efficiently to execute the functions vested in the Tax Court. All expenditures of the Tax Court shall be allowed and paid, out of any moneys appropriated for purposes of the Tax Court, upon presentation of itemized vouchers therefor signed by the certifying officer designated by the chief judge.

SEC. 7473. DISPOSITION OF FEES.

All fees received by the Tax Court shall be covered into the Treasury as miscellaneous receipts.

SEC. 7474. FEE FOR TRANSCRIPT OF RECORD.

The Tax Court is authorized to fix a fee, not in excess of the fee fixed by law to be charged and collected therefor by the clerks of the district courts, for comparing, or for preparing and comparing, a transcript of the record, or for copying any record, entry, or other paper and the comparison and certification thereof.

Subchapter D—Court Review of Tax Court Decisions

- Sec. 7481. Date when Tax Court decision becomes final.
- Sec. 7482. Courts of review.
- Sec. 7483. Petition for review.
- Sec. 7484. Change of incumbent in office.
- Sec. 7485. Bond to stay assessment and collection.
- Sec. 7486. Refund, credit, or abatement of amounts disallowed.
- Sec. 7487. Cross reference.

SEC. 7481. DATE WHEN TAX COURT DECISION BECOMES FINAL.

The decision of the Tax Court shall become final—

(1) **TIMELY PETITION FOR REVIEW NOT FILED.**—Upon the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time; or

(2) **DECISION AFFIRMED OR PETITION FOR REVIEW DISMISSED.**—

(A) **PETITION FOR CERTIORARI NOT FILED ON TIME.**—Upon the expiration of the time allowed for filing a petition for certiorari, if the decision of the Tax Court has been affirmed or the petition for review dismissed by the United States Court of Appeals and no petition for certiorari has been duly filed; or

(B) **PETITION FOR CERTIORARI DENIED.**—Upon the denial of a petition for certiorari, if the decision of the Tax Court has been affirmed or the petition for review dismissed by the United States Court of Appeals; or

(C) **AFTER MANDATE OF SUPREME COURT.**—Upon the expiration of 30 days from the date of issuance of the mandate of the Supreme Court, if such Court directs that the decision of the Tax Court be affirmed or the petition for review dismissed.

(3) **DECISION MODIFIED OR REVERSED.**—

(A) **UPON MANDATE OF SUPREME COURT.**—If the Supreme Court directs that the decision of the Tax Court be modified or reversed, the decision of the Tax Court rendered in accordance with the mandate of the Supreme Court shall become final upon the expiration of 30 days from the time it was rendered, unless within such 30 days either the Secretary or his delegate or the taxpayer has instituted proceedings to have such decision corrected to accord with the mandate, in which event the decision of the Tax Court shall become final when so corrected.

(B) **UPON MANDATE OF THE COURT OF APPEALS.**—If the decision of the Tax Court is modified or reversed by the United States Court of Appeals, and if—

(i) the time allowed for filing a petition for certiorari has expired and no such petition has been duly filed, or

(ii) the petition for certiorari has been denied, or

(iii) the decision of the United States Court of Appeals has been affirmed by the Supreme Court, then the decision of the Tax Court rendered in accordance with the mandate of the United States Court of Appeals shall become final on the expiration of 30 days from the time such decision of the Tax Court was rendered, unless within such 30 days either the

Secretary or his delegate or the taxpayer has instituted proceedings to have such decision corrected so that it will accord with the mandate, in which event the decision of the Tax Court shall become final when so corrected.

(4) REHEARING.—If the Supreme Court orders a rehearing; or if the case is remanded by the United States Court of Appeals to the Tax Court for a rehearing, and if—

(A) the time allowed for filing a petition for certiorari has expired and no such petition has been duly filed, or

(B) the petition for certiorari has been denied, or

(C) the decision of the United States Court of Appeals has been affirmed by the Supreme Court, then the decision of the Tax Court rendered upon such rehearing shall become final in the same manner as though no prior decision of the Tax Court has been rendered.

(5) DEFINITION OF "MANDATE".—As used in this section, the term "mandate", in case a mandate has been recalled prior to the expiration of 30 days from the date of issuance thereof, means the final mandate.

SEC. 7482. COURTS OF REVIEW.

(a) JURISDICTION.—The United States Courts of Appeals shall have exclusive jurisdiction to review the decisions of the Tax Court, except as provided in section 1254 of Title 28 of the United States Code, in the same manner and to the same extent as decisions of the district courts in civil actions tried without a jury; and the judgment of any such court shall be final, except that it shall be subject to review by the Supreme Court of the United States upon certiorari, in the manner provided in section 1254 of Title 28 of the United States Code.

(b) VENUE.—

(1) IN GENERAL.—Except as provided in paragraph (2), such decisions may be reviewed by the United States Court of Appeals for the circuit in which is located the office to which was made the return of the tax in respect of which the liability arises, or, if no return was made, then by the United States Court of Appeals for the District of Columbia.

(2) BY AGREEMENT.—Notwithstanding the provisions of paragraph (1), such decisions may be reviewed by any United States Court of Appeals which may be designated by the Secretary or his delegate and the taxpayer by stipulation in writing.

(c) POWERS.—

(1) TO AFFIRM, MODIFY, OR REVERSE.—Upon such review, such courts shall have power to affirm or, if the decision of the Tax Court is not in accordance with law, to modify or to reverse the decision of the Tax Court, with or without remanding the case for a rehearing, as justice may require.

(2) TO MAKE RULES.—Rules for review of decisions of the Tax Court shall be those prescribed by the Supreme Court under section 2074 of title 28 of the United States Code. Until such rules become effective the rules adopted under authority of section 1141 (c) (2) of the Internal Revenue Code of 1939 shall remain in effect.

(3) **TO REQUIRE ADDITIONAL SECURITY.**—Nothing in section 7483 shall be construed as relieving the petitioner from making or filing such undertakings as the court may require as a condition of or in connection with the review.

(4) **TO IMPOSE DAMAGES.**—The United States Court of Appeals and the Supreme Court shall have power to impose damages in any case where the decision of the Tax Court is affirmed and it appears that the petition was filed merely for delay.

SEC. 7483. PETITION FOR REVIEW.

The decision of the Tax Court may be reviewed by a United States Court of Appeals as provided in section 7482 if a petition for such review is filed by either the Secretary (or his delegate) or the taxpayer within 3 months after the decision is rendered. If, however, a petition for such review is so filed by one party to the proceeding, a petition for review of the decision of the Tax Court may be filed by any other party to the proceeding within 4 months after such decision is rendered.

SEC. 7484. CHANGE OF INCUMBENT IN OFFICE.

When the incumbent of the office of Secretary or his delegate changes, no substitution of the name of his successor shall be required in proceedings pending before any appellate court reviewing the action of the Tax Court.

SEC. 7485. BOND TO STAY ASSESSMENT AND COLLECTION.

(a) **UPON PETITION FOR REVIEW.**—Notwithstanding any provision of law imposing restrictions on the assessment and collection of deficiencies, the review under section 7483 shall not operate as a stay of assessment or collection of any portion of the amount of the deficiency determined by the Tax Court unless a petition for review in respect of such portion is duly filed by the taxpayer, and then only if the taxpayer—

(1) on or before the time his petition for review is filed has filed with the Tax Court a bond in a sum fixed by the Tax Court not exceeding double the amount of the portion of the deficiency in respect of which the petition for review is filed, and with surety approved by the Tax Court, conditioned upon the payment of the deficiency as finally determined, together with any interest, additional amounts, or additions to the tax provided for by law, or

(2) has filed a jeopardy bond under the income or estate tax laws.

If as a result of a waiver of the restrictions on the assessment and collection of a deficiency any part of the amount determined by the Tax Court is paid after the filing of the review bond, such bond shall, at the request of the taxpayer, be proportionately reduced.

(b) CROSS REFERENCES.—

(1) For requirement of additional security notwithstanding this section, see section 7482 (c) (3).

(2) For deposit of United States bonds or notes in lieu of sureties, see 6 U. S. C. 15.

SEC. 7486. REFUND, CREDIT, OR ABATEMENT OF AMOUNTS DISALLOWED.

In cases where assessment or collection has not been stayed by the filing of a bond, then if the amount of the deficiency determined by

the Tax Court is disallowed in whole or in part by the court of review, the amount so disallowed shall be credited or refunded to the taxpayer, without the making of claim therefor, or, if collection has not been made, shall be abated.

SEC. 7487. CROSS REFERENCE.

For authority of the Tax Court to fix fees for transcripts of records, see section 7474.

The decision of the Tax Court may be reviewed by a United States Court of Appeals as provided in section 7482 if a petition for such review is filed by either the Secretary (or his delegate) or the taxpayer within 90 days after the decision is rendered. If, however, a petition for such review is so filed by one party to the proceeding, a petition for review of the decision of the Tax Court may be filed by any other party to the proceeding within 4 months after such decision is rendered.

SEC. 7488. CHANGE OF INCUMBENT IN OFFICE.

When the incumbent of the office of Secretary or his delegate changes, no substitution of the name of his successor shall be required in proceedings pending before any appellate court reviewing the action of the Tax Court.

SEC. 7489. BOND TO STAY ASSESSMENT AND COLLECTION.

(a) *Limitation on Review.*—Notwithstanding any provision of law imposing restrictions on the assessment and collection of taxes under section 7482 shall not operate as a stay of assessment or collection of any portion of the amount of the deficiency determined by the Tax Court unless a petition for review in respect of such portion is duly filed by the taxpayer, and then only if the taxpayer—

(1) on or before the time his petition for review is filed has filed with the Tax Court a bond in a sum fixed by the Tax Court not exceeding double the amount of the portion of the deficiency in respect of which the petition for review is filed, and with security approved by the Tax Court, conditioned upon the payment of the deficiency as finally determined, together with any interest, additional amounts, or additions to the tax provided for by law, or

(2) has filed a jeopardy bond under the income or estate tax laws.

It is a result of a waiver of the restrictions on the assessment and collection of a deficiency any part of the amount determined by the Tax Court is paid after the filing of the review bond, such bond shall, at the request of the taxpayer, be proportionately reduced.

(b) *Cross References.*—

- (1) For requirement of additional security notwithstanding this section, see section 7482 (c) (2).
- (2) For deposit of United States bonds or notes in lieu of security, see 8 U.S.C. 15.

SEC. 7490. REFUND—CREDIT OR ABATEMENT OF AMOUNTS DULY PAID.

In cases where assessment or collection has not been stayed by the filing of a bond, then if the amount of the deficiency determined by

Subchapter E—Miscellaneous Provisions

Sec. 7491. Burden of proof of exemptions in case of marihuana offenses.

Sec. 7492. Enforceability of cotton futures contracts.

Sec. 7493. Immunity of witnesses in cases relating to cotton futures.

SEC. 7491. BURDEN OF PROOF OF EXEMPTIONS IN CASE OF MARIHUANA OFFENSES.

It shall not be necessary to negative any exemptions set forth in part II of subchapter A of chapter 39, relating to marihuana, in any complaint, information, indictment, or other writ or proceeding laid or brought with respect to part II of subchapter A of chapter 39 and the burden of proof of any such exemption shall be upon the defendant. In the absence of the production of evidence by the defendant that he has complied with the provisions of section 4753 relating to registration, or that he has complied with the provisions of section 4742 relating to order forms, he shall be presumed not to have complied with such provisions of such section, as the case may be.

SEC. 7492. ENFORCEABILITY OF COTTON FUTURES CONTRACTS.

No contract of sale of cotton for future delivery mentioned in section 4851 (a), which does not conform to the requirements of section 4853 and has not the necessary stamps affixed thereto as required by section 4871, shall be enforceable in any court of the United States by, or on behalf of, any party to such contract or his privies.

SEC. 7493. IMMUNITY OF WITNESSES IN CASES RELATING TO COTTON FUTURES.

No person whose evidence is deemed material by the officer prosecuting on behalf of the United States in any case brought under any provision of subchapter D of chapter 39 (relating to cotton futures) shall withhold his testimony because of complicity by him in any violation of subchapter D of chapter 39, or of any regulation made pursuant to such chapter, but any such person called by such officer who testifies in such case shall be exempt from prosecution for any offense to which his testimony relates.

CHAPTER 77—MISCELLANEOUS PROVISIONS

- Sec. 7501. Liability for taxes withheld or collected.
- Sec. 7502. Timely mailing treated as timely filing.
- Sec. 7503. Time for performance of acts where last day falls on Saturday, Sunday, or legal holiday.
- Sec. 7504. Fractional parts of a dollar.
- Sec. 7505. Sale of personal property purchased by the United States.
- Sec. 7506. Administration of real estate acquired by the United States.
- Sec. 7507. Exemption of insolvent banks from tax.
- Sec. 7508. Time for performing certain acts postponed by reason of war.
- Sec. 7509. Expenditures incurred by the Post Office Department.
- Sec. 7510. Exemption from tax of domestic goods purchased for the United States.
- Sec. 7511. Exemption of consular officers and employees of foreign states from payment of internal revenue taxes on imported articles.

SEC. 7501. LIABILITY FOR TAXES WITHHELD OR COLLECTED.

(a) **GENERAL RULE.**—Whenever any person is required to collect or withhold any internal revenue tax from any other person and to pay over such tax to the United States, the amount of tax so collected or withheld shall be held to be a special fund in trust for the United States. The amount of such fund shall be assessed, collected, and paid in the same manner and subject to the same provisions and limitations (including penalties) as are applicable with respect to the taxes from which such fund arose.

(b) **PENALTIES.**—

For penalties applicable to violations of this section, see sections 6672 and 7202.

SEC. 7502. TIMELY MAILING TREATED AS TIMELY FILING.

(a) **GENERAL RULE.**—If any claim, statement, or other document (other than a return or other document required under authority of chapter 61), required to be filed within a prescribed period or on or before a prescribed date under authority of any provision of the internal revenue laws is, after such period or such date, delivered by United States mail to the agency, officer, or office with which such claim, statement, or other document is required to be filed, the date of the United States postmark stamped on the cover in which such claim, statement, or other document is mailed shall be deemed to be the date of delivery. This subsection shall apply only if the postmark date falls within the prescribed period or on or before the prescribed date for the filing of the claim, statement, or other document, determined with regard to any extension granted for such filing, and only if the claim, statement, or other document was, within the prescribed time, deposited in the mail in the United States in an envelope or other appropriate wrapper, postage prepaid, properly addressed to the agency, office, or officer with which the claim, statement, or other document is required to be filed.

(b) **STAMP MACHINE.**—This section shall apply in the case of postmarks not made by the United States Post Office only if and to the extent provided by regulations prescribed by the Secretary or his delegate.

(c) **REGISTERED MAIL.**—If any such claim, statement, or other document is sent by United States registered mail, such registration shall be prima facie evidence that the claim, statement, or other document was delivered to the agency, office, or officer to which addressed, and the date of registration shall be deemed the postmark date.

(d) **EXCEPTION.**—This section shall not apply with respect to the filing of a document in any court other than the Tax Court.

SEC. 7503. TIME FOR PERFORMANCE OF ACTS WHERE LAST DAY FALLS ON SATURDAY, SUNDAY, OR LEGAL HOLIDAY.

When the last day prescribed under authority of the internal revenue laws for performing any act falls on Saturday, Sunday, or a legal holiday, the performance of such act shall be considered timely if it is performed on the next succeeding day which is not a Saturday, Sunday, or a legal holiday. For purposes of this section, the last day for the performance of any act shall be determined by including any authorized extension of time; the term "legal holiday" means a legal holiday in the District of Columbia; and in the case of any return, statement, or other document required to be filed, or any other act required under authority of the internal revenue laws to be performed, at any office of the Secretary or his delegate, or at any other office of the United States or any agency thereof, located outside the District of Columbia but within an internal revenue district, the term "legal holiday" also means a Statewide legal holiday in the State where such office is located.

SEC. 7504. FRACTIONAL PARTS OF A DOLLAR.

The Secretary or his delegate may by regulations provide that in the allowance of any amount as a credit or refund, or in the collection of any amount as a deficiency or underpayment, of any tax imposed by this title, a fractional part of a dollar shall be disregarded, unless it amounts to 50 cents or more, in which case it shall be increased to 1 dollar.

SEC. 7505. SALE OF PERSONAL PROPERTY PURCHASED BY THE UNITED STATES.

(a) **SALE.**—Any personal property purchased by the United States under the authority of section 6335 (e) (relating to purchase for the account of the United States of property sold under levy) may be sold by the Secretary or his delegate in accordance with such regulations as may be prescribed by the Secretary or his delegate.

(b) **ACCOUNTING.**—In case of the resale of such property, the proceeds of the sale shall be paid into the Treasury as internal revenue collections, and there shall be rendered a distinct account of all charges incurred in such sales.

SEC. 7506. ADMINISTRATION OF REAL ESTATE ACQUIRED BY THE UNITED STATES.

(a) **PERSON CHARGED WITH.**—The Secretary or his delegate shall have charge of all real estate which is or shall become the property of the United States by judgment of forfeiture under the internal revenue

laws, or which has been or shall be assigned, set off, or conveyed by purchase or otherwise to the United States in payment of debts or penalties arising under the laws relating to internal revenue, or which has been or shall be vested in the United States by mortgage or other security for the payment of such debts, and of all trusts created for the use of the United States in payment of such debts due them.

(b) **SALE.**—The Secretary or his delegate, may, at public sale, and upon not less than 20 days' notice, sell and dispose of any real estate owned or held by the United States as aforesaid.

(c) **LEASE.**—Until such sale, the Secretary or his delegate may lease such real estate owned as aforesaid on such terms and for such period as the Secretary or his delegate shall deem proper.

(d) **RELEASE TO DEBTOR.**—In cases where real estate has or may become the property of the United States by conveyance or otherwise, in payment of or as security for a debt arising under the laws relating to internal revenue, and such debt shall have been paid, together with the interest thereon, at the rate of 1 percent per month, to the United States, within 2 years from the date of the acquisition of such real estate, it shall be lawful for the Secretary or his delegate to release by deed or otherwise convey such real estate to the debtor from whom it was taken, or to his heirs or other legal representatives.

SEC. 7507. EXEMPTION OF INSOLVENT BANKS FROM TAX.

(a) **ASSETS IN GENERAL.**—Whenever and after any bank or trust company, a substantial portion of the business of which consists of receiving deposits and making loans and discounts, has ceased to do business by reason of insolvency or bankruptcy, no tax shall be assessed or collected, or paid into the Treasury of the United States, on account of such bank or trust company, which shall diminish the assets thereof necessary for the full payment of all its depositors; and such tax shall be abated from such national banks as are found by the Comptroller of the Currency to be insolvent; and the Secretary or his delegate, when the facts shall appear to him, is authorized to remit so much of the said tax against any such insolvent banks and trust companies organized under State law as shall be found to affect the claims of their depositors.

(b) **SEGREGATED ASSETS; EARNINGS.**—Whenever any bank or trust company, a substantial portion of the business of which consists of receiving deposits and making loans and discounts, has been released or discharged from its liability to its depositors for any part of their claims against it, and such depositors have accepted, in lieu thereof, a lien upon subsequent earnings of such bank or trust company, or claims against assets segregated by such bank or trust company or against assets transferred from it to an individual or corporate trustee or agent, no tax shall be assessed or collected, or paid into the Treasury of the United States, on account of such bank or trust company, such individual or corporate trustee or such agent, which shall diminish the assets thereof which are available for the payment of such depositor claims and which are necessary for the full payment thereof. The term "agent", as used in this subsection, shall be deemed to include a corporation acting as a liquidating agent.

(c) **REFUND; REASSESSMENT; STATUTES OF LIMITATION.**—

(1) Any such tax collected shall be deemed to be erroneously collected, and shall be refunded subject to all provisions and limita-

tions of law, so far as applicable, relating to the refunding of taxes.

(2) Any tax, the assessment, collection, or payment of which is barred under subsection (a), or any such tax which has been abated or remitted after May 28, 1938, shall be assessed or reassessed whenever it shall appear that payment of the tax will not diminish the assets as aforesaid.

(3) Any tax, the assessment, collection, or payment of which is barred under subsection (b), or any such tax which has been refunded after May 28, 1938, shall be assessed or reassessed after full payment of such claims of depositors to the extent of the remaining assets segregated or transferred as described in subsection (b).

(4) The running of the statute of limitations on the making of assessment and collection shall be suspended during, and for 90 days beyond, the period for which, pursuant to this section, assessment or collection may not be made, and a tax may be reassessed as provided in paragraphs (2) and (3) of this subsection and collected, during the time within which, had there been no abatement, collection might have been made.

(d) EXCEPTION OF EMPLOYMENT TAXES.—This section shall not apply to any tax imposed by chapter 21 or chapter 23.

SEC. 7508. TIME FOR PERFORMING CERTAIN ACTS POSTPONED BY REASON OF WAR.

(a) TIME TO BE DISREGARDED.—In the case of an individual serving in the Armed Forces of the United States, or serving in support of such Armed Forces, in an area designated by the President of the United States by Executive order as a "combat zone" for purposes of section 112, at any time during the period designated by the President by Executive order as the period of combatant activities in such zone for purposes of such section, or hospitalized outside the States of the Union and the District of Columbia as a result of injury received while serving in such an area during such time, the period of service in such area, plus the period of continuous hospitalization outside the States of the Union and the District of Columbia attributable to such injury, and the next 180 days thereafter, shall be disregarded in determining, under the internal revenue laws, in respect of any tax liability (including any interest, penalty, additional amount, or addition to the tax) of such individual—

(1) Whether any of the following acts was performed within the time prescribed therefor:

(A) Filing any return of income, estate, or gift tax (except income tax withheld at source and income tax imposed by subtitle C or any law superseded thereby);

(B) Payment of any income, estate, or gift tax (except income tax withheld at source and income tax imposed by subtitle C or any law superseded thereby) or any installment thereof or of any other liability to the United States in respect thereof;

(C) Filing a petition with the Tax Court for redetermination of a deficiency, or for review of a decision rendered by the Tax Court;

(D) Allowance of a credit or refund of any tax;

(E) Filing a claim for credit or refund of any tax;

- (F) Bringing suit upon any such claim for credit or refund;
 - (G) Assessment of any tax;
 - (H) Giving or making any notice or demand for the payment of any tax, or with respect to any liability to the United States in respect of any tax;
 - (I) Collection, by the Secretary or his delegate, by levy or otherwise, of the amount of any liability in respect of any tax;
 - (J) Bringing suit by the United States, or any officer on its behalf, in respect of any liability in respect of any tax; and
 - (K) Any other act required or permitted under the internal revenue laws specified in regulations prescribed under this section by the Secretary or his delegate;
- (2) The amount of any credit or refund (including interest).

(b) EXCEPTIONS.—

(1) **TAX IN JEOPARDY; BANKRUPTCY AND RECEIVERSHIPS; AND TRANSFERRED ASSETS.**—Notwithstanding the provisions of subsection (a), any action or proceeding authorized by section 6851 (regardless of the taxable year for which the tax arose), chapter 70, or 71, as well as any other action or proceeding authorized by law in connection therewith, may be taken, begun, or prosecuted. In any other case in which the Secretary or his delegate determines that collection of the amount of any assessment would be jeopardized by delay, the provisions of subsection (a) shall not operate to stay collection of such amount by levy or otherwise as authorized by law. There shall be excluded from any amount assessed or collected pursuant to this paragraph the amount of interest, penalty, additional amount, and addition to the tax, if any, in respect of the period disregarded under subsection (a). In any case to which this paragraph relates, if the Secretary or his delegate is required to give any notice to or make any demand upon any person, such requirement shall be deemed to be satisfied if the notice or demand is prepared and signed, in any case in which the address of such person last known to the Secretary or his delegate is in an area for which United States post offices under instructions of the Postmaster General are not, by reason of the combatant activities, accepting mail for delivery at the time the notice or demand is signed. In such case the notice or demand shall be deemed to have been given or made upon the date it is signed.

(2) **ACTION TAKEN BEFORE ASCERTAINMENT OF RIGHT TO BENEFITS.**—The assessment or collection of any internal revenue tax or of any liability to the United States in respect of any internal revenue tax, or any action or proceeding by or on behalf of the United States in connection therewith, may be made, taken, begun, or prosecuted in accordance with law, without regard to the provisions of subsection (a), unless prior to such assessment, collection, action, or proceeding it is ascertained that the person concerned is entitled to the benefits of subsection (a).

SEC. 7509. EXPENDITURES INCURRED BY THE POST OFFICE DEPARTMENT.

The Postmaster General or his delegate shall at least once a month transfer to the Treasury of the United States, together with the receipts required to be deposited under section 6803 (a), a statement of

the additional expenditures in the District of Columbia and elsewhere incurred by the Post Office Department in performing the duties, if any, imposed upon such Department with respect to chapter 21, relating to the tax under the Federal Insurance Contributions Act, and the Secretary or his delegate shall be authorized and directed to advance from time to time to the credit of the Post Office Department, from appropriations made for the collection of the taxes imposed by chapter 21, such sums as may be required for such additional expenditures incurred by the Post Office Department.

SEC. 7510. EXEMPTION FROM TAX OF DOMESTIC GOODS PURCHASED FOR THE UNITED STATES.

The privilege existing by provision of law on December 1, 1873, or thereafter of purchasing supplies of goods imported from foreign countries for the use of the United States, duty free, shall be extended, under such regulations as the Secretary or his delegate may prescribe, to all articles of domestic production which are subject to tax by the provisions of this title.

SEC. 7511. EXEMPTION OF CONSULAR OFFICERS AND EMPLOYEES OF FOREIGN STATES FROM PAYMENT OF INTERNAL REVENUE TAXES ON IMPORTED ARTICLES.

(a) **RULE OF EXEMPTION.**—No internal revenue tax shall be imposed with respect to articles imported by a consular officer of a foreign state or by an employee of a consulate of a foreign state, whether such articles accompany the officer or employee to his post in the United States, its insular possessions, or the Panama Canal Zone, or are imported by him at any time during the exercise of his functions therein, if—

(1) such officer or employee is a national of the state appointing him and not engaged in any profession, business, or trade within the territory specified in this subsection;

(2) the articles are imported by the officer or employee for his personal or official use; and

(3) the foreign state grants an equivalent exemption to corresponding officers or employees of the Government of the United States stationed in such foreign state.

(b) **CERTIFICATE BY SECRETARY OF STATE.**—The Secretary of State shall certify to the Secretary of the Treasury the names of the foreign states which grant an equivalent exemption to the consular officers or employees of the Government of the United States stationed in such foreign states.

CHAPTER 78—DISCOVERY OF LIABILITY AND ENFORCEMENT OF TITLE

- SUBCHAPTER A. Examination and inspection.
- SUBCHAPTER B. General powers and duties.
- SUBCHAPTER C. Supervision of operations of certain manufacturers.
- SUBCHAPTER D. Possessions.

Subchapter A—Examination and Inspection

- Sec. 7601. Canvass of districts for taxable persons and objects.
- Sec. 7602. Examination of books and witnesses.
- Sec. 7603. Service of summons.
- Sec. 7604. Enforcement of summons.
- Sec. 7605. Time and place of examination.
- Sec. 7606. Entry of premises for examination of taxable objects.
- Sec. 7607. Cross references.

SEC. 7601. CANVASS OF DISTRICTS FOR TAXABLE PERSONS AND OBJECTS.

(a) **GENERAL RULE.**—The Secretary or his delegate shall, to the extent he deems it practicable, cause officers or employees of the Treasury Department to proceed, from time to time, through each internal revenue district and inquire after and concerning all persons therein who may be liable to pay any internal revenue tax, and all persons owning or having the care and management of any objects with respect to which any tax is imposed.

(b) **PENALTIES.**—

For penalties applicable to forcible obstruction or hindrance of Treasury officers or employees in the performance of their duties, see section 7212.

SEC. 7602. EXAMINATION OF BOOKS AND WITNESSES.

For the purpose of ascertaining the correctness of any return, making a return where none has been made, determining the liability of any person for any internal revenue tax or the liability at law or in equity of any transferee or fiduciary of any person in respect of any internal revenue tax, or collecting any such liability, the Secretary or his delegate is authorized—

(1) To examine any books, papers, records, or other data which may be relevant or material to such inquiry;

(2) To summon the person liable for tax or required to perform the act, or any officer or employee of such person, or any person having possession, custody, or care of books of account containing entries relating to the business of the person liable for tax or required to perform the act, or any other person the Secretary or his delegate may deem proper, to appear before the Secretary or his delegate at a time and place named in the summons and to produce such books, papers, records, or other data, and to give such testimony, under oath, as may be relevant or material to such inquiry; and

(3) To take such testimony of the person concerned, under oath, as may be relevant or material to such inquiry.

SEC. 7603. SERVICE OF SUMMONS.

A summons issued under section 7602 shall be served by the Secretary or his delegate, by an attested copy delivered in hand to the person to whom it is directed, or left at his last and usual place of abode; and the certificate of service signed by the person serving the summons shall be evidence of the facts it states on the hearing of an application for the enforcement of the summons. When the summons requires the production of books, papers, records, or other data, it shall be sufficient if such books, papers, records, or other data are described with reasonable certainty.

SEC. 7604. ENFORCEMENT OF SUMMONS.

(a) JURISDICTION OF DISTRICT COURT.—If any person is summoned under the internal revenue laws to appear, to testify, or to produce books, papers, records, or other data, the United States district court for the district in which such person resides or is found shall have jurisdiction by appropriate process to compel such attendance, testimony, or production of books, papers, records, or other data.

(b) ENFORCEMENT.—Whenever any person summoned under section 7602 neglects or refuses to obey such summons, or to produce books, papers, records, or other data, or to give testimony, as required, the Secretary or his delegate may apply to the judge of the district court or to a United States commissioner for the district within which the person so summoned resides or is found for an attachment against him as for a contempt. It shall be the duty of the judge or commissioner to hear the application, and, if satisfactory proof is made, to issue an attachment, directed to some proper officer, for the arrest of such person, and upon his being brought before him to proceed to a hearing of the case; and upon such hearing the judge or the United States commissioner shall have power to make such order as he shall deem proper, not inconsistent with the law for the punishment of contempts, to enforce obedience to the requirements of the summons and to punish such person for his default or disobedience.

(c) CROSS REFERENCES.—

(1) AUTHORITY TO ISSUE ORDERS, PROCESSES, AND JUDGMENTS.—

For authority of district courts generally to enforce the provisions of this title, see section 7402.

(2) PENALTIES.—

For penalties applicable to violation of section 7602, see section 7210.

SEC. 7605. TIME AND PLACE OF EXAMINATION.

(a) TIME AND PLACE.—The time and place of examination pursuant to the provisions of section 7602 shall be such time and place as may be fixed by the Secretary or his delegate and as are reasonable under the circumstances. In the case of a summons under authority of paragraph (2) of section 7602 the date fixed for appearance before the Secretary or his delegate shall not be less than 10 days from the date of the summons.

(b) RESTRICTIONS ON EXAMINATION OF TAXPAYER.—No taxpayer shall be subjected to unnecessary examination or investigations, and only one inspection of a taxpayer's books of account shall be made for

each taxable year unless the taxpayer requests otherwise or unless the Secretary or his delegate, after investigation, notifies the taxpayer in writing that an additional inspection is necessary.

SEC. 7606. ENTRY OF PREMISES FOR EXAMINATION OF TAXABLE OBJECTS.

(a) **ENTRY DURING DAY.**—The Secretary or his delegate may enter, in the daytime, any building or place where any articles or objects subject to tax are made, produced, or kept, so far as it may be necessary for the purpose of examining said articles or objects.

(b) **ENTRY AT NIGHT.**—When such premises are open at night, the Secretary or his delegate may enter them while so open, in the performance of his official duties.

(c) **PENALTIES.**—

For penalty for refusal to permit entry or examination, see section 7342.

SEC. 7607. CROSS REFERENCES.

(a) **INSPECTION OF BOOKS, PAPERS, RECORDS, OR OTHER DATA.**—

For inspection of books, papers, records, or other data in the case of—

(1) Wholesale dealers in oleomargarine, see section 4597.

(2) Wholesale dealers in process or renovated butter or adulterated butter, see section 4815 (b).

(3) Opium, opiates, and coca leaves, see sections 4702 (a), 4705, 4721, and 4773.

(4) Marihuana, see sections 4742, 4753 (b), and 4773.

(5) Wagering, see section 4423.

(b) **SEARCH WARRANTS.**—

For provisions relating to—

(1) Searches and seizures see Rule 41 of the Federal Rules of Criminal Procedure.

(2) Search warrants in connection with industrial alcohol, etc., see sections 5314 and 7302.

Subchapter B—General Powers and Duties

Sec. 7621. Internal revenue districts.

Sec. 7622. Authority to administer oaths and certify.

Sec. 7623. Expenses of detection and punishment of frauds.

SEC. 7621. INTERNAL REVENUE DISTRICTS.

(a) **ESTABLISHMENT AND ALTERATION.**—The President shall establish convenient internal revenue districts for the purpose of administering the internal revenue laws. The President may from time to time alter such districts.

(b) **BOUNDARIES.**—For the purpose mentioned in subsection (a), the President may subdivide any State, Territory, or the District of Columbia, or may unite two or more States or Territories into one district.

SEC. 7622. AUTHORITY TO ADMINISTER OATHS AND CERTIFY.

(a) **INTERNAL REVENUE PERSONNEL.**—Every officer or employee of the Treasury Department designated by the Secretary or his delegate for that purpose is authorized to administer such oaths or affirmations and to certify to such papers as may be necessary under the internal revenue laws or regulations made thereunder.

(b) **OTHERS.**—Any oath or affirmation required or authorized under any internal revenue law or under any regulations made thereunder may be administered by any person authorized to administer oaths for general purposes by the law of the United States, or of any State, Territory, or possession of the United States, or of the District of Columbia, wherein such oath or affirmation is administered. This subsection shall not be construed as an exclusive enumeration of the persons who may administer such oaths or affirmations.

SEC. 7623. EXPENSES OF DETECTION AND PUNISHMENT OF FRAUDS.

The Secretary or his delegate, under regulations prescribed by the Secretary or his delegate, is authorized to pay such sums, not exceeding in the aggregate the sum appropriated therefor, as he may deem necessary for detecting and bringing to trial and punishment persons guilty of violating the internal revenue laws, or conniving at the same, in cases where such expenses are not otherwise provided for by law.

Subchapter C—Supervision of Operations of Certain Manufacturers

Sec. 7641. Supervision of operations of certain manufacturers.

SEC. 7641. SUPERVISION OF OPERATIONS OF CERTAIN MANUFACTURERS.

Every manufacturer of filled cheese, oleomargarine, opium suitable for smoking purposes, process or renovated butter or adulterated butter, or white phosphorous matches shall conduct his business under such surveillance of officers or employees of the Treasury Department as the Secretary or his delegate may by regulations require.

(1) **APPLICABILITY OF ADMINISTRATIVE PROVISIONS.**—All provisions of the laws of the United States applicable to the assessment and collection of any tax imposed by this title or of any other liability arising under this title (including penalties) shall, in respect of such tax or liability, extend to and be applicable in any possession of the United States in the same manner and to the same extent as if such possession were a State and as if the term "United States" when used in a geographical sense included such possession.

(2) **TAX IMPOSED BY THIS TITLE IN ANY POSSESSION OF THE UNITED STATES.**—(A) Internal revenue collections.—Such tax shall be collected under the direction of the Secretary or his delegate and shall be paid into the Treasury of the United States as internal revenue collections; and

(B) **APPLICABLE LAWS.**—All provisions of the laws of the United States applicable to the administration, collection, and enforcement of such tax (including penalties) shall, in respect of such tax, extend to and be applicable in such possession of the United States in the same manner and to the same extent as if such possession were a State and as if the term "United States" when used in a geographical sense included such possession.

(3) **OTHER LAWS RELATING TO POSSESSIONS.**—This section shall apply notwithstanding any other provision of law relating to any possession of the United States.

(4) **CANAL ZONE.**—For purposes of this section, the term "possession of the United States" includes the Canal Zone.

(5) **VIRGIN ISLANDS.**—(A) For purposes of this section, the reference in section 22 (a) of the Revised Organic Act of the Virgin Islands to "any tax specified in section 3811 of the Internal Revenue Code" shall be deemed to refer to any tax imposed by chapter 2 or by chapter 21 of the Revised Organic Act of the Virgin Islands.

(B) For purposes of this title, section 28 (a) of the Revised Organic Act of the Virgin Islands shall be deemed to refer to any tax imposed by chapter 2 or by chapter 21 of the Revised Organic Act of the Virgin Islands.

Subchapter D—Possessions

Sec. 7651. Administration and collection of taxes in possessions.

Sec. 7652. Shipments to the United States.

Sec. 7653. Shipments from the United States.

Sec. 7654. Payment to Guam and American Samoa of proceeds of tax on coconut and other vegetable oils.

Sec. 7655. Cross references.

SEC. 7651. ADMINISTRATION AND COLLECTION OF TAXES IN POSSESSIONS.

Except as otherwise provided in this subchapter and in sections 4705 (b), 4735, and 4762 (relating to taxes on narcotic drugs and marihuana), and except as otherwise provided in section 28 (a) of the Revised Organic Act of the Virgin Islands and section 30 of the Organic Act of Guam (relating to the covering of the proceeds of certain taxes into the treasuries of the Virgin Islands and Guam, respectively)—

(1) **APPLICABILITY OF ADMINISTRATIVE PROVISIONS.**—All provisions of the laws of the United States applicable to the assessment and collection of any tax imposed by this title or of any other liability arising under this title (including penalties) shall, in respect of such tax or liability, extend to and be applicable in any possession of the United States in the same manner and to the same extent as if such possession were a State, and as if the term "United States" when used in a geographical sense included such possession.

(2) **TAX IMPOSED IN POSSESSION.**—In the case of any tax which is imposed by this title in any possession of the United States—

(A) **INTERNAL REVENUE COLLECTIONS.**—Such tax shall be collected under the direction of the Secretary or his delegate, and shall be paid into the Treasury of the United States as internal revenue collections; and

(B) **APPLICABLE LAWS.**—All provisions of the laws of the United States applicable to the administration, collection, and enforcement of such tax (including penalties) shall, in respect of such tax, extend to and be applicable in such possession of the United States in the same manner and to the same extent as if such possession were a State, and as if the term "United States" when used in a geographical sense included such possession.

(3) **OTHER LAWS RELATING TO POSSESSIONS.**—This section shall apply notwithstanding any other provision of law relating to any possession of the United States.

(4) **CANAL ZONE.**—For purposes of this section, the term "possession of the United States" includes the Canal Zone.

(5) **VIRGIN ISLANDS.**—

(A) For purposes of this section, the reference in section 28 (a) of the Revised Organic Act of the Virgin Islands to "any tax specified in section 3811 of the Internal Revenue Code" shall be deemed to refer to any tax imposed by chapter 2 or by chapter 21.

(B) For purposes of this title, section 28 (a) of the Revised

Organic Act of the Virgin Islands shall be effective as if such section had been enacted subsequent to the enactment of this title.

SEC. 7652. SHIPMENTS TO THE UNITED STATES.

(a) PUERTO RICO.—

(1) RATE OF TAX.—Except as provided in section 5318, articles of merchandise of Puerto Rican manufacture coming into the United States and withdrawn for consumption or sale shall be subject to a tax equal to the internal revenue tax imposed in the United States upon the like articles of merchandise of domestic manufacture.

(2) PAYMENT OF TAX.—The Secretary or his delegate shall by regulations prescribe the mode and time for payment and collection of the tax described in paragraph (1), including any discretionary method described in section 6302 (b) and (c). Such regulations shall authorize the payment of such tax before shipment from Puerto Rico, and the provisions of section 7651 (2) (B) shall be applicable to the payment and collection of such tax in Puerto Rico.

(3) DEPOSIT OF INTERNAL REVENUE COLLECTIONS.—All taxes collected under the internal revenue laws of the United States on articles produced in Puerto Rico and transported to the United States, or consumed in the island, shall be covered into the treasury of Puerto Rico.

(b) VIRGIN ISLANDS.—

(1) TAXES IMPOSED IN THE UNITED STATES.—Except as provided in section 5318, there shall be imposed in the United States, upon articles coming into the United States from the Virgin Islands, a tax equal to the internal revenue tax imposed in the United States upon like articles of domestic manufacture.

(2) EXEMPTION FROM TAX IMPOSED IN THE VIRGIN ISLANDS.—Such articles shipped from such islands to the United States shall be exempt from the payment of any tax imposed by the internal revenue laws of such islands.

(3) DISPOSITION OF INTERNAL REVENUE COLLECTIONS.—Beginning with the fiscal year ending June 30, 1954, and annually thereafter, the Secretary or his delegate shall determine the amount of all taxes imposed by, and collected during the fiscal year under, the internal revenue laws of the United States on articles produced in the Virgin Islands and transported to the United States. The amount so determined less 1 percent and less the estimated amount of refunds or credits shall be subject to disposition as follows:

(A) There shall be transferred and paid over to the government of the Virgin Islands from the amounts so determined a sum equal to the total amount of the revenue collected by the government of the Virgin Islands during the fiscal year, as certified by the Government Comptroller of the Virgin Islands. The moneys so transferred and paid over shall constitute a separate fund in the treasury of the Virgin Islands and may be expended as the legislature may determine: *Provided*, That the approval of the President or his designated representative shall be obtained before such moneys may be obligated or expended.

(B) There shall also be transferred and paid over to the government of the Virgin Islands during each of the fiscal years ending

June 30, 1955, and June 30, 1956, the sum of \$1,000,000 or the balance of the internal revenue collections available under this paragraph (3) after payments are made under subparagraph (A), whichever amount is greater. The moneys so transferred and paid over shall be deposited in the separate fund established by subparagraph (A), but shall be obligated or expended for emergency purposes and essential public projects only, with the prior approval of the President or his designated representative.

(C) Any amounts remaining shall be deposited in the Treasury of the United States as miscellaneous receipts.

If at the end of any fiscal year the total of the Federal contribution made under subparagraph (A) at the beginning of that fiscal year has not been obligated or expended for an approved purpose, the balance shall continue available for expenditure during any succeeding fiscal year, but only for approved emergency relief purposes and essential public projects as provided in subparagraph (B). The aggregate amount of moneys available for expenditure for emergency relief purposes and essential public projects only, including payments under subparagraph (B), shall not exceed the sum of \$5,000,000 at the end of any fiscal year. Any unobligated or unexpended balance of the Federal contribution remaining at the end of a fiscal year which would cause the moneys available for emergency relief purposes and essential public projects only to exceed the sum of \$5,000,000 shall thereupon be transferred and paid over to the Treasury of the United States as miscellaneous receipts.

SEC. 7653. SHIPMENTS FROM THE UNITED STATES.

(a) TAX IMPOSED.—

(1) PUERTO RICO.—All articles of merchandise of United States manufacture coming into Puerto Rico shall be entered at the port of entry upon payment of a tax equal in rate and amount to the internal revenue tax imposed in Puerto Rico upon the like articles of Puerto Rican manufacture.

(2) VIRGIN ISLANDS.—There shall be imposed in the Virgin Islands upon articles imported from the United States a tax equal to the internal revenue tax imposed in such islands upon like articles there manufactured.

(b) EXEMPTION FROM TAX IMPOSED IN THE UNITED STATES.—Articles, goods, wares, or merchandise going into Puerto Rico, the Virgin Islands, Guam, and American Samoa from the United States shall be exempted from the payment of any tax imposed by the internal revenue laws of the United States.

(c) DRAWBACK OF TAX PAID IN THE UNITED STATES.—All provisions of law for the allowance of drawback of internal revenue tax on articles exported from the United States are, so far as applicable, extended to like articles upon which an internal revenue tax has been paid when shipped from the United States to Puerto Rico, the Virgin Islands, Guam, or American Samoa.

(d) CROSS REFERENCE.—

For the disposition of the proceeds of all taxes collected under the internal revenue laws of the United States on articles produced in Guam and transported into the United States, its Territories or possessions, or consumed in Guam, see the Act of August 1, 1950 (c. 512, 64 Stat. 392, section 30; 48 U. S. C. 1421h).

SEC. 7654. PAYMENT TO GUAM AND AMERICAN SAMOA OF PROCEEDS OF TAX ON COCONUT AND PALM OIL.

All taxes collected under subchapter B of chapter 37 with respect to coconut oil wholly of the production of Guam or American Samoa, or produced from materials wholly of the growth or production of Guam or American Samoa, shall be held as separate funds and paid to the treasury of Guam or American Samoa, respectively. No part of the money from such funds shall be used, directly or indirectly, to pay a subsidy to the producers or processors of copra, coconut oil, or allied products, except that this sentence shall not be construed as prohibiting the use of such money, in accordance with regulations prescribed by the Secretary or his delegate, for the acquisition or construction of facilities for the better curing of copra or for bona fide loans to copra producers of Guam or American Samoa.

SEC. 7655. CROSS REFERENCES.**(a) IMPOSITION OF TAX IN POSSESSIONS.—**

For provisions imposing tax in possessions, see—

- (1) Chapter 2, relating to self-employment tax;
- (2) Chapter 21, relating to the tax under the Federal Insurance Contributions Act;
- (3) Parts I and III of subchapter A of chapter 39, relating to taxes in respect of narcotic drugs;
- (4) Parts II and III of subchapter A of chapter 39, relating to taxes in respect of marihuana;
- (5) Chapter 51, relating to alcohol taxes;
- (6) Subchapter A of chapter 37, relating to tax on sugar.

(b) OTHER PROVISIONS.—

For other provisions relating to possessions of the United States, see—

- (1) Section 933, relating to income tax on residents of Puerto Rico;
- (2) Section 6418 (b), relating to exportation of sugar to Puerto Rico.

CHAPTER 79—DEFINITIONS

Sec. 7701. Definitions.

SEC. 7701. DEFINITIONS.

(a) When used in this title, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof—

(1) **PERSON.**—The term “person” shall be construed to mean and include an individual, a trust, estate, partnership, association, company or corporation.

(2) **PARTNERSHIP AND PARTNER.**—The term “partnership” includes a syndicate, group, pool, joint venture, or other unincorporated organization, through or by means of which any business, financial operation, or venture is carried on, and which is not, within the meaning of this title, a trust or estate or a corporation; and the term “partner” includes a member in such a syndicate, group, pool, joint venture, or organization.

(3) **CORPORATION.**—The term “corporation” includes associations, joint-stock companies, and insurance companies.

(4) **DOMESTIC.**—The term “domestic” when applied to a corporation or partnership means created or organized in the United States or under the law of the United States or of any State or Territory.

(5) **FOREIGN.**—The term “foreign” when applied to a corporation or partnership means a corporation or partnership which is not domestic.

(6) **FIDUCIARY.**—The term “fiduciary” means a guardian, trustee, executor, administrator, receiver, conservator, or any person acting in any fiduciary capacity for any person.

(7) **STOCK.**—The term “stock” includes shares in an association, joint-stock company, or insurance company.

(8) **SHAREHOLDER.**—The term “shareholder” includes a member in an association, joint-stock company, or insurance company.

(9) **UNITED STATES.**—The term “United States” when used in a geographical sense includes only the States, the Territories of Alaska and Hawaii, and the District of Columbia.

(10) **STATE.**—The term “State” shall be construed to include the Territories and the District of Columbia, where such construction is necessary to carry out provisions of this title.

(11) **SECRETARY.**—The term “Secretary” means the Secretary of the Treasury.

(12) **DELEGATE.**—The term “Secretary or his delegate” means the Secretary of the Treasury, or any officer, employee, or agency of the Treasury Department duly authorized by the Secretary (directly, or indirectly by one or more redelegations of authority) to perform the function mentioned or described in the context, and the term “or his delegate” when used in connection with any other official of the United States shall be similarly construed.

(13) **COMMISSIONER.**—The term “Commissioner” means the Commissioner of Internal Revenue.

(14) **TAXPAYER.**—The term “taxpayer” means any person subject to any internal revenue tax.

(15) **MILITARY OR NAVAL FORCES AND ARMED FORCES OF THE UNITED STATES.**—The term “military or naval forces of the United States” and the term “Armed Forces of the United States” each includes all regular and reserve components of the uniformed services which are subject to the jurisdiction of the Secretary of Defense, the Secretary of the Army, the Secretary of the Navy, or the Secretary of the Air Force, and each term also includes the Coast Guard. The members of such forces include commissioned officers and personnel below the grade of commissioned officers in such forces.

(16) **WITHHOLDING AGENT.**—The term “withholding agent” means any person required to deduct and withhold any tax under the provisions of section 1441, 1442, 1443, 1451, or 1461.

(17) **HUSBAND AND WIFE.**—As used in sections 71, 152 (b) (4), 215, and 682, if the husband and wife therein referred to are divorced, wherever appropriate to the meaning of such sections, the term “wife” shall be read “former wife” and the term “husband” shall be read “former husband”; and, if the payments described in such sections are made by or on behalf of the wife or former wife to the husband or former husband instead of vice versa, wherever appropriate to the meaning of such sections, the term “husband” shall be read “wife” and the term “wife” shall be read “husband.”

(18) **INTERNATIONAL ORGANIZATION.**—The term “international organization” means a public international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act (22 U. S. C. 288-288f).

(19) **DOMESTIC BUILDING AND LOAN ASSOCIATION.**—The term “domestic building and loan association” means a domestic building and loan association, a domestic savings and loan association, and a Federal savings and loan association, substantially all the business of which is confined to making loans to members.

(20) **EMPLOYEE.**—For the purpose of applying the provisions of sections 104, 105, and 106 with respect to accident and health insurance or accident and health plans, for the purpose of applying the provisions of section 101 (b) with respect to employees’ death benefits, and for the purpose of applying the provisions of subtitle A with respect to contributions to or under a stock bonus, pension, profit-sharing, or annuity plan, and with respect to distributions under such a plan, or by a trust forming part of such a plan, the term “employee” shall include a full-time life insurance salesman who is considered an employee for the purpose of chapter 21, or in the case of services performed before January 1, 1951, who would be considered an employee if his services were performed during 1951.

(21) **LEVY.**—The term “levy” includes the power of distraint and seizure by any means.

(22) **ATTORNEY GENERAL.**—The term “Attorney General” means the Attorney General of the United States.

(23) **TAXABLE YEAR.**—The term “taxable year” means the calendar year, or the fiscal year ending during such calendar year, upon the basis of which the taxable income is computed under subtitle A. “Taxable year” means, in the case of a return made for a fractional part of a year under the provisions of subtitle A or under regulations prescribed by the Secretary or his delegate, the period for which such return is made.

(24) **FISCAL YEAR.**—The term “fiscal year” means an accounting period of 12 months ending on the last day of any month other than December.

(25) **PAID OR INCURRED, PAID OR ACCRUED.**—The terms “paid or incurred” and “paid or accrued” shall be construed according to the method of accounting upon the basis of which the taxable income is computed under subtitle A.

(26) **TRADE OR BUSINESS.**—The term “trade or business” includes the performance of the functions of a public office.

(27) **TAX COURT.**—The term “Tax Court” means the Tax Court of the United States.

(28) **OTHER TERMS.**—Any term used in this subtitle with respect to the application of, or in connection with, the provisions of any other subtitle of this title shall have the same meaning as in such provisions.

(29) **INTERNAL REVENUE CODE.**—The term “Internal Revenue Code of 1954” means this title, and the term “Internal Revenue Code of 1939” means the Internal Revenue Code enacted February 10, 1939, as amended.

(b) **INCLUDES AND INCLUDING.**—The terms “includes” and “including” when used in a definition contained in this title shall not be deemed to exclude other things otherwise within the meaning of the term defined.

(c) **COMMONWEALTH OF PUERTO RICO.**—Where not otherwise distinctly expressed or manifestly incompatible with the intent thereof, references in this title to possessions of the United States shall be treated as also referring to the Commonwealth of Puerto Rico.

(d) **CROSS REFERENCES.**—

(1) **OTHER DEFINITIONS.**—

For other definitions, see the following sections of Title 1 of the United States Code:

- (1) Singular as including plural, section 1.
- (2) Plural as including singular, section 1.
- (3) Masculine as including feminine, section 1.
- (4) Officer, section 1.
- (5) Oath as including affirmation, section 1.
- (6) County as including parish, section 2.
- (7) Vessel as including all means of water transportation, section 3.
- (8) Vehicle as including all means of land transportation, section 4.
- (9) Company or association as including successors and assigns, section 5.

(2) **EFFECT OF CROSS REFERENCES.**—

For effect of cross references in this title, see section 7806 (a).

CHAPTER 80—GENERAL RULES

SUBCHAPTER A. Application of internal revenue laws.

SUBCHAPTER B. Effective date and related provisions.

Subchapter A—Application of Internal Revenue Laws

Sec. 7801. Authority of Department of the Treasury.

Sec. 7802. Commissioner of Internal Revenue.

Sec. 7803. Other personnel.

Sec. 7804. Effect of reorganization plans.

Sec. 7805. Rules and regulations.

Sec. 7806. Construction of title.

Sec. 7807. Rules in effect upon enactment of this title.

Sec. 7808. Depositaries for collections.

Sec. 7809. Deposit of collections.

SEC. 7801. AUTHORITY OF DEPARTMENT OF THE TREASURY.

(a) **POWERS AND DUTIES OF SECRETARY.**—Except as otherwise expressly provided by law, the administration and enforcement of this title shall be performed by or under the supervision of the Secretary of the Treasury.

(b) **GENERAL COUNSEL FOR THE DEPARTMENT.**—There shall be in the Department of the Treasury the office of General Counsel for the Department of the Treasury. The General Counsel shall be appointed by the President, by and with the advice and consent of the Senate. The General Counsel shall be the chief law officer of the Department and shall perform such duties as may be prescribed by the Secretary. The Secretary may appoint and fix the duties of an Assistant General Counsel who shall serve as Chief Counsel of the Internal Revenue Service and may appoint and fix the duties of not to exceed five other Assistant General Counsels. All Assistant General Counsels shall be appointed without regard to the provisions of the civil service laws. The Secretary may also appoint and fix the duties of such other attorneys as he may deem necessary.

(c) **FUNCTIONS OF DEPARTMENT OF JUSTICE UNAFFECTED.**—Nothing in this section shall be considered to affect the duties, powers, or functions imposed upon or vested in the Department of Justice, or any officer thereof, by law existing on May 10, 1934.

SEC. 7802. COMMISSIONER OF INTERNAL REVENUE.

There shall be in the Department of the Treasury a Commissioner of Internal Revenue, who shall be appointed by the President, by and with the advice and consent of the Senate. The Commissioner of Internal Revenue shall have such duties and powers as may be prescribed by the Secretary.

SEC. 7803. OTHER PERSONNEL.

(a) **APPOINTMENT AND SUPERVISION.**—The Secretary or his delegate is authorized to employ such number of persons as the Secretary or his delegate deems proper for the administration and enforcement of the internal revenue laws, and the Secretary or his delegate shall

issue all necessary directions, instructions, orders, and rules applicable to such persons.

(b) POSTS OF DUTY OF EMPLOYEES IN FIELD SERVICE OR TRAVELING.—

(1) DESIGNATION OF POST OF DUTY.—The Secretary or his delegate shall determine and designate the posts of duty of all such persons engaged in field work or traveling on official business outside of the District of Columbia.

(2) DETAIL OF PERSONNEL FROM FIELD SERVICE.—The Secretary or his delegate may order any such person engaged in field work to duty in the District of Columbia, for such periods as the Secretary or his delegate may prescribe, and to any designated post of duty outside the District of Columbia upon the completion of such duty.

(c) BONDS OF EMPLOYEES.—Whenever the Secretary or his delegate deems it proper, he may require any such officer or employee to furnish such bond, or he may purchase such blanket or schedule bonds, as the Secretary or his delegate deems appropriate. The premium of any such bond or bonds may, in the discretion of the Secretary or his delegate, be paid from the appropriation for expenses of the Internal Revenue Service.

(d) DELINQUENT INTERNAL REVENUE OFFICERS AND EMPLOYEES.—If any officer or employee of the Treasury Department acting in connection with the internal revenue laws fails to account for and pay over any amount of money or property collected or received by him in connection with the internal revenue laws, the Secretary or his delegate shall issue notice and demand to such officer or employee for payment of the amount which he failed to account for and pay over, and, upon failure to pay the amount demanded within the time specified in such notice, the amount so demanded shall be deemed imposed upon such officer or employee and assessed upon the date of such notice and demand, and the provisions of chapter 64 and all other provisions of law relating to the collection of assessed taxes shall be applicable in respect of such amount.

SEC. 7804. EFFECT OF REORGANIZATION PLANS.

(a) APPLICATION.—The provisions of Reorganization Plan Numbered 26 of 1950 and Reorganization Plan Numbered 1 of 1952 shall be applicable to all functions vested by this title, or by any act amending this title (except as otherwise expressly provided in such amending act), in any officer, employee, or agency, of the Department of the Treasury.

(b) PRESERVATION OF EXISTING RIGHTS AND REMEDIES.—Nothing in Reorganization Plan Numbered 26 of 1950 or Reorganization Plan Numbered 1 of 1952 shall be considered to impair any right or remedy, including trial by jury, to recover any internal revenue tax alleged to have been erroneously or illegally assessed or collected, or any penalty claimed to have been collected without authority, or any sum alleged to have been excessive or in any manner wrongfully collected under the internal revenue laws. For the purpose of any action to recover any such tax, penalty, or sum, all statutes, rules, and regulations referring to the collector of internal revenue, the principal officer for the internal revenue district, or the Secretary or his delegate, shall be deemed to refer to the officer whose act or acts referred to in the preceding

sentence gave rise to such action. The venue of any such action shall be the same as under existing law.

SEC. 7805. RULES AND REGULATIONS.

(a) **AUTHORIZATION.**—Except where such authority is expressly given by this title to any person other than an officer or employee of the Treasury Department, the Secretary or his delegate shall prescribe all needful rules and regulations for the enforcement of this title, including all rules and regulations as may be necessary by reason of any alteration of law in relation to internal revenue.

(b) **RETROACTIVITY OF REGULATIONS OR RULINGS.**—The Secretary or his delegate may prescribe the extent, if any, to which any ruling or regulation, relating to the internal revenue laws, shall be applied without retroactive effect.

(c) **PREPARATION AND DISTRIBUTION OF REGULATIONS, FORMS, STAMPS, AND OTHER MATTERS.**—The Secretary or his delegate shall prepare and distribute all the instructions, regulations, directions, forms, blanks, stamps, and other matters pertaining to the assessment and collection of internal revenue.

SEC. 7806. CONSTRUCTION OF TITLE.

(a) **CROSS REFERENCES.**—The cross references in this title to other portions of the title, or other provisions of law, where the word “see” is used, are made only for convenience, and shall be given no legal effect.

(b) **ARRANGEMENT AND CLASSIFICATION.**—No inference, implication, or presumption of legislative construction shall be drawn or made by reason of the location or grouping of any particular section or provision or portion of this title, nor shall any table of contents, table of cross references, or similar outline, analysis, or descriptive matter relating to the contents of this title be given any legal effect. The preceding sentence also applies to the sidenotes and ancillary tables contained in the various prints of this Act before its enactment into law.

SEC. 7807. RULES IN EFFECT UPON ENACTMENT OF THIS TITLE.

(a) **INTERIM PROVISION FOR ADMINISTRATION OF TITLE.**—Until regulations are promulgated under any provision of this title which depends for its application upon the promulgation of regulations (or which is to be applied in such manner as may be prescribed by regulations) all instructions, rules or regulations which are in effect immediately prior to the enactment of this title shall, to the extent such instructions, rules, or regulations could be prescribed as regulations under authority of such provision, be applied as if promulgated as regulations under such provision.

(b) **PROVISIONS OF THIS TITLE CORRESPONDING TO PRIOR INTERNAL REVENUE LAWS.**—

(1) **REFERENCE TO LAW APPLICABLE TO PRIOR PERIOD.**—Any provision of this title which refers to the application of any portion of this title to a prior period (or which depends upon the application to a prior period of any portion of this title) shall, when appropriate and consistent with the purpose of such provision, be deemed to refer to (or depend upon the application of) the corresponding provision of the Internal Revenue Code of 1939 or of such other internal revenue laws as were applicable to the prior period.

(2) **ELECTIONS OR OTHER ACTS.**—If an election or other act under the provisions of the Internal Revenue Code of 1939 would, if this title had not been enacted, be given effect for a period subsequent to the date of enactment of this title, and if corresponding provisions are contained in this title, such election or other act shall be given effect under the corresponding provisions of this title.

SEC. 7808. DEPOSITARIES FOR COLLECTIONS.

The Secretary or his delegate is authorized to designate one or more depositaries in each State for the deposit and safe-keeping of the money collected by virtue of the internal revenue laws; and the receipt of the proper officer of such depositary to the proper officer or employee of the Treasury Department for the money deposited by him shall be a sufficient voucher for such Treasury officer or employee in the settlement of his accounts.

SEC. 7809. DEPOSIT OF COLLECTIONS.

(a) **GENERAL RULE.**—Except as provided in subsection (b), sections 4735, 4762, 7651, 7652, and 7654, the gross amount of all taxes and revenues received under the provisions of this title, and collections of whatever nature received or collected by authority of any internal revenue law, shall be paid daily into the Treasury of the United States under instructions of the Secretary or his delegate as internal revenue collections, by the officer or employee receiving or collecting the same, without any abatement or deduction on account of salary, compensation, fees, costs, charges, expenses, or claims of any description. A certificate of such payment, stating the name of the depositor and the specific account on which the deposit was made, signed by the Treasurer of the United States, designated depositary, or proper officer of a deposit bank, shall be transmitted to the Secretary or his delegate.

(b) **DEPOSIT FUNDS.**—In accordance with instructions of the Secretary or his delegate, there shall be deposited with the Treasurer of the United States in a deposit fund account—

(1) **SUMS OFFERED IN COMPROMISE.**—Sums offered in compromise under the provisions of section 7122;

(2) **SUMS OFFERED FOR PURCHASE OF REAL ESTATE.**—Sums offered for the purchase of real estate under the provisions of section 7506; and

(3) **SURPLUS PROCEEDS IN SALES UNDER LEVY.**—Surplus proceeds in any sale under levy, after making allowance for the amount of the tax, interest, penalties, and additions thereto, and for costs and charges of the levy and sale.

Upon the acceptance of such offer in compromise or offer for the purchase of such real estate, the amount so accepted shall be withdrawn from such deposit fund account and deposited in the Treasury of the United States as internal revenue collections. Upon the rejection of any such offer, the Secretary or his delegate shall refund to the maker of such offer the amount thereof.

Subchapter B—Effective Date and Related Provisions

Sec. 7851. Applicability of revenue laws.

Sec. 7852. Other applicable rules.

SEC. 7851. APPLICABILITY OF REVENUE LAWS.

(a) GENERAL RULES.—Except as otherwise provided in any section of this title—

(1) SUBTITLE A.—

(A) Chapters 1, 2, 4, and 6 of this title shall apply only with respect to taxable years beginning after December 31, 1953, and ending after the date of enactment of this title, and with respect to such taxable years, chapters 1 (except sections 143 and 144) and 2, and section 3801, of the Internal Revenue Code of 1939 are hereby repealed.

(B) Chapters 3 and 5 of this title shall apply with respect to payments and transfers occurring after December 31, 1954, and as to such payments and transfers sections 143 and 144 and chapter 7 of the Internal Revenue Code of 1939 are hereby repealed.

(C) Any provision of subtitle A of this title the applicability of which is stated in terms of a specific date (occurring after December 31, 1953), or in terms of taxable years ending after a specific date (occurring after December 31, 1953), shall apply to taxable years ending after such specific date. Each such provision shall, in the case of a taxable year subject to the Internal Revenue Code of 1939, be deemed to be included in the Internal Revenue Code of 1939, but shall be applicable only to taxable years ending after such specific date. The provisions of the Internal Revenue Code of 1939 superseded by provisions of subtitle A of this title the applicability of which is stated in terms of a specific date (occurring after December 31, 1953) shall be deemed to be included in subtitle A of this title, but shall be applicable only to the period prior to the taking effect of the corresponding provision of subtitle A.

(D) Effective with respect to taxable years ending after March 31, 1954, and subject to tax under chapter 1 of the Internal Revenue Code of 1939—

(i) Sections 13 (b) (3), 26 (b) (2) (C), 26 (h) (1) (C) (including the comma and the word “and” immediately preceding such section), 26 (i) (3), 108 (k), 207 (a) (1) (C), 207 (a) (3) (C), and the last sentence of section 362 (b) (3) of such Code are hereby repealed; and

(ii) Sections 13 (b) (2), 26 (b) (2) (B), 26 (h) (1) (B), 26 (i) (2), 207 (a) (1) (B), 207 (a) (3) (B), 421 (a) (1) (B), and the second sentence of section 362 (b) (3) of such Code are hereby amended by striking out “and before April 1, 1954” (and any accompanying punctuation) wherever appearing therein.

(2) SUBTITLE B.—

(A) Chapter 11 of this title shall apply with respect to estates of decedents dying after the date of enactment of this title, and with respect to such estates chapter 3 of the Internal Revenue Code of 1939 is hereby repealed.

(B) Chapter 12 of this title shall apply with respect to the calendar year 1955 and all calendar years thereafter, and with respect to such years chapter 4 of the Internal Revenue Code of 1939 is hereby repealed.

(3) SUBTITLE C.—Subtitle C of this title shall apply only with respect to remuneration paid after December 31, 1954, except that chapter 22 of such subtitle shall apply only with respect to remuneration paid after December 31, 1954, which is for services performed after such date. Chapter 9 of the Internal Revenue Code of 1939 is hereby repealed with respect to remuneration paid after December 31, 1954, except that subchapter B of such chapter (and subchapter E of such chapter to the extent it relates to subchapter B) shall remain in force and effect with respect to remuneration paid after December 31, 1954, for services performed on or before such date.

(4) SUBTITLE D.—Subtitle D of this title shall take effect on January 1, 1955. Subtitles B and C of the Internal Revenue Code of 1939 (except chapters 7, 9, 15, 26, and 28, subchapter B of chapter 25, and parts VII and VIII of subchapter A of chapter 27 of such code) are hereby repealed effective January 1, 1955. Provisions having the same effect as section 6416 (b) (2) (H), and so much of section 4082 (c) as refers to special motor fuels, shall be considered to be included in the Internal Revenue Code of 1939 effective as of May 1, 1954. Section 2450 (a) of the Internal Revenue Code of 1939 (as amended by the Excise Tax Reduction Act of 1954) applies to the period beginning on April 1, 1954, and ending on December 31, 1954.

(5) SUBTITLE E.—Subtitle E shall take effect on January 1, 1955, except that the provisions in section 5411 permitting the use of a brewery under regulations prescribed by the Secretary or his delegate for the purpose of producing and bottling soft drinks, section 5554, and chapter 53 shall take effect on the day after the date of enactment of this title. Subchapter B of chapter 25, and part VIII of subchapter A of chapter 27, of the Internal Revenue Code of 1939 are hereby repealed effective on the day after the date of enactment of this title. Chapters 15 and 26, and part VII of subchapter A of chapter 27, of the Internal Revenue Code of 1939 are hereby repealed effective January 1, 1955.

(6) SUBTITLE F.—

(A) GENERAL RULE.—The provisions of subtitle F shall take effect on the day after the date of enactment of this title and shall be applicable with respect to any tax imposed by this title. The provisions of subtitle F shall apply with respect to any tax imposed by the Internal Revenue Code of 1939 only to the extent provided in subparagraphs (B) and (C) of this paragraph.

(B) ASSESSMENT, COLLECTION, AND REFUNDS.—Notwithstanding the provisions of subparagraph (A), and notwithstanding any contrary provision of subchapter A of chapter 63 (relating to assessment), chapter 64 (relating to collection), or chapter 65

(relating to abatements, credits, and refunds) of this title, the provisions of part II of subchapter A of chapter 28 and chapters 35, 36, and 37 (except section 3777) of subtitle D of the Internal Revenue Code of 1939 shall remain in effect until January 1, 1955, and shall also be applicable to the taxes imposed by this title. On and after January 1, 1955, the provisions of subchapter A of chapter 63, chapter 64, and chapter 65 (except section 6405) of this title shall be applicable to all internal revenue taxes (whether imposed by this title or by the Internal Revenue Code of 1939), notwithstanding any contrary provision of part II of subchapter A of chapter 28, or of chapter 35, 36, or 37, of the Internal Revenue Code of 1939. The provisions of section 6405 (relating to reports of refunds and credits) shall be applicable with respect to refunds or credits allowed after the date of enactment of this title, and section 3777 of the Internal Revenue Code of 1939 is hereby repealed with respect to such refunds and credits.

(C) TAXES IMPOSED UNDER THE 1939 CODE.—After the date of enactment of this title, the following provisions of subtitle F shall apply to the taxes imposed by the Internal Revenue Code of 1939, notwithstanding any contrary provisions of such code:

(i) Chapter 73, relating to bonds.

(ii) Chapter 74, relating to closing agreements and compromises.

(iii) Chapter 75, relating to crimes and other offenses, but only insofar as it relates to offenses committed after the date of enactment of this title, and in the case of such offenses, section 6531, relating to periods of limitation on criminal prosecution, shall be applicable. The penalties (other than penalties which may be assessed) provided by the Internal Revenue Code of 1939 shall not apply to offenses, committed after the date of enactment of this title, to which chapter 75 of this title is applicable.

(iv) Chapter 76, relating to judicial proceedings.

(v) Chapter 77, relating to miscellaneous provisions, except that section 7502 shall apply only if the mailing occurs after the date of enactment of this title, and section 7503 shall apply only if the last date referred to therein occurs after the date of enactment of this title.

(vi) Chapter 78, relating to discovery of liability and enforcement of title.

(vii) Chapter 79, relating to definitions.

(viii) Chapter 80, relating to application of internal revenue laws, effective date, and related provisions.

(D) CHAPTER 28 AND SUBTITLE D OF 1939 CODE.—Except as otherwise provided in subparagraphs (B) and (C), the provisions of chapter 28 and of subtitle D of the Internal Revenue Code of 1939 shall remain in effect with respect to taxes imposed by the Internal Revenue Code of 1939.

(7) OTHER PROVISIONS.—If the effective date of any provision of the Internal Revenue Code of 1954 is not otherwise provided in this section or in any other section of this title, such provision shall take effect on the day after the date of enactment of this title. If the repeal of any provision of the Internal Revenue Code of 1939

is not otherwise provided by this section or by any other section of this title, such provision is hereby repealed effective on the day after the date of enactment of this title.

(b) EFFECT OF REPEAL OF INTERNAL REVENUE CODE OF 1939.—

(1) EXISTING RIGHTS AND LIABILITIES.—The repeal of any provision of the Internal Revenue Code of 1939 shall not affect any act done or any right accruing or accrued, or any suit or proceeding had or commenced in any civil cause, before such repeal; but all rights and liabilities under such code shall continue, and may be enforced in the same manner, as if such repeal had not been made.

(2) EXISTING OFFICES.—The repeal of any provision of the Internal Revenue Code of 1939 shall not abolish, terminate, or otherwise change—

(A) any internal revenue district,

(B) any office, position, board, or committee, or

(C) the appointment or employment of any officer or employee, existing immediately preceding the enactment of this title, the continuance of which is not manifestly inconsistent with any provision of this title, but the same shall continue unless and until changed by lawful authority.

(3) EXISTING DELEGATIONS OF AUTHORITY.—Any delegation of authority made pursuant to the provisions of Reorganization Plan Numbered 26 of 1950 or Reorganization Plan Numbered 1 of 1952, including any redelegation of authority made pursuant to any such delegation of authority, and in effect under the Internal Revenue Code of 1939 immediately preceding the enactment of this title shall, notwithstanding the repeal of such code, remain in effect for purposes of this title, unless distinctly inconsistent or manifestly incompatible with the provisions of this title. The preceding sentence shall not be construed as limiting in any manner the power to amend, modify, or revoke any such delegation or redelegation of authority.

(c) CRIMES AND FORFEITURES.—All offenses committed, and all penalties or forfeitures incurred, under any provision of law hereby repealed, may be prosecuted and punished in the same manner and with the same effect as if this title had not been enacted.

(d) PERIODS OF LIMITATION.—All periods of limitation, whether applicable to civil causes and proceedings, or to the prosecution of offenses, or for the recovery of penalties or forfeitures, hereby repealed shall not be affected thereby, but all suits, proceedings, or prosecutions, whether civil or criminal, for causes arising, or acts done or committed, prior to said repeal, may be commenced and prosecuted within the same time as if this title had not been enacted.

(e) REFERENCE TO OTHER PROVISIONS.—For the purpose of applying the Internal Revenue Code of 1939 or the Internal Revenue Code of 1954 to any period, any reference in either such code to another provision of the Internal Revenue Code of 1939 or the Internal Revenue Code of 1954 which is not then applicable to such period shall be deemed a reference to the corresponding provision of the other code which is then applicable to such period.

SEC. 7852. OTHER APPLICABLE RULES.

(a) SEPARABILITY CLAUSE.—If any provision of this title, or the application thereof to any person or circumstances, is held invalid,

the remainder of the title, and the application of such provision to other persons or circumstances, shall not be affected thereby.

(b) **REFERENCE IN OTHER LAWS TO INTERNAL REVENUE CODE OF 1939.**—Any reference in any other law of the United States or in any Executive order to any provision of the Internal Revenue Code of 1939 shall, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof, be deemed also to refer to the corresponding provision of this title.

(c) **ITEMS NOT TO BE TWICE INCLUDED IN INCOME OR DEDUCTED THEREFROM.**—Except as otherwise distinctly expressed or manifestly intended, the same item (whether of income, deduction, credit, or otherwise) shall not be taken into account both in computing a tax under subtitle A of this title and a tax under chapter 1 or 2 of the Internal Revenue Code of 1939.

(d) **TREATY OBLIGATIONS.**—No provision of this title shall apply in any case where its application would be contrary to any treaty obligation of the United States in effect on the date of enactment of this title.

